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AZ CORP COMMISSION
DOCKET Transcript Exhibit(s)

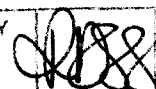
Docket #(s): T-20675A-09-0214

Exhibit #: ALSI

Arizona Corporation Commission

DOCKETED

MAY 24 2011

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ORIGINAL NEW APPLICATION

KRISTOPHE
TELECOM/INTEI

Via FedEx

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

Re: Telesphere Access, LLC

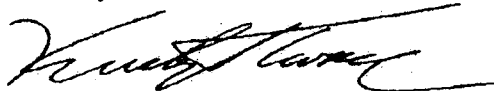
T-20675A-09-0214

To Whom It May Concern:

Please find enclosed an original and thirteen (13) copies of Telesphere Access, LLC's application for a certificate of convenience and necessity (CC&N) to provide intrastate telecommunications service throughout Arizona.

Thank you in advance for your assistance. Please call me at 202-250-3413 or my assistant, Carol Lisowski at 510-285-8011, immediately should you have any questions.

Sincerely,



Kristopher E. Twomey
Counsel to Telesphere Access, LLC

Enclosures

KT:cl

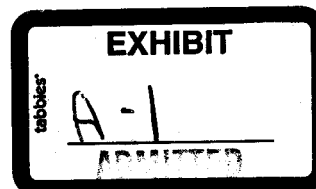
cc: Dennis James

Arizona Corporation Commission
DOCKETED
MAY - 6 2009

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Law Office
1725 I Street, NW, Suite 300
Washington, DC 20006
Phone: 202 250-3413
Fax: 202 517-9175
www.lokt.net/kris@lokt.net

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AZ CORP COMMISSION
DOCKET CONTROL



ARIZONA CORPORATION COMMISSION

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

Mail original plus 13 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: N/A

Docket No.: _____ Date: _____

Date Docketed: _____

Type of Service: N/A

Docket No.: _____ Date: _____

Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Resold Long Distance Telecommunications Services (Answer Sections A, B). |
| <input checked="" type="checkbox"/> | Resold Local Exchange Telecommunications Services (Answer Sections A, B, C). |
| <input checked="" type="checkbox"/> | Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D). |
| <input checked="" type="checkbox"/> | Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E) |
| <input type="checkbox"/> | Alternative Operator Services Telecommunications Services (Answer Sections A, B) |
| <input type="checkbox"/> | Other _____ (Please attach complete description) |

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Telesphere Access, LLC
9237 East Via de Ventura, Ste. 250
Scottsdale, AZ 85258
Telephone: 480-385-7000
Fax: 480-385-7007
Company website address: www.telesphere.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

N/A

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Dennis James
9237 East Via de Ventura, Ste. 250
Scottsdale, AZ 85258
Telephone: 480-385-7055
Fax: 480-385-7007
djames@telesphere.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Kristopher Twomey
1725 I Street, N.W., Ste. 300
Washington, DC 20006
Telephone: 202.250.3413
Fax: 202.517.9175
kris@lokt.net

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Complaint Contact Person:

Name: Sanjay Srinivasan
9237 East Via de Ventura, Ste. 250
Scottsdale, AZ 85258
Telephone: 480-385-7062
Fax: 480-385-7007
E-mail: ssrinivasan@telesphere.com

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Sole proprietorship

Partnership: ☐ Limited, ☐ General, ☐ Arizona, ☐ Foreign

☒ Limited Liability Company: ☒ Arizona, ☐ Foreign

Corporation: ☐ "S", ☐ "C", ☐ Non-profit

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

x

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

Applicant has not been involved in any such actions or investigations.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.

3. Copy of the Court order, if applicable.

Applicant has not been involved in any such actions or investigations.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☐ Yes X

☐ No

(A-14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes

☐ X No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ X Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ X Yes

☐ No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐ X Yes

☐ No

If any box in (A-14) is marked "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

Although the Company will offer Resale Long Distance, the Company will not be collecting any deposits, advance payments or prepayments from end users, and therefore is not required to secure a bond for this portion of the Company's business.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

Applicant will publish a legal notice, as directed by the Commission at the appropriate time.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:

☐

Yes

☐

X No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona: **None**

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona. **None**

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

None

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☐ X Decision # 64178 Resold Long Distance
☐ X Decision # 64178 Resold LEC
☐ X Decision # 64178 Facilities Based Long Distance
☐ X Decision # 64178 Facilities Based LEC

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☐ Yes ☒ X No

If "No," explain why and give the date on which the Applicant began operations.

Applicant was formed March 26, 2009, and thus does not have financial statements for the preceding two years. The Company is submitting under Attachment D what it currently has.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

See the explanation in (B-1). The Company is submitting what it currently has.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

The Company will not be relying on the parent company for financial resources.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing

telecommunications services to Arizona customers following certification.

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

See Exhibit E

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation.

☐ Yes ☒ X No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes ☒ X No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

Applicant will begin selling services after approval of this Application.

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

☒ x Yes ☐ No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒ x Yes

☐ No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒ x Yes

☐ No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Dennis James
(Signature of Authorized Representative)

May 1, 2009
(Date)

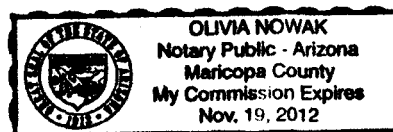
DENNIS JAMES
(Print Name of Authorized Representative)

CHIEF OPERATING OFFICER
(Title)

SUBSCRIBED AND SWORN to before me this 1st day of May, 2009

[Signature]
NOTARY PUBLIC

My Commission Expires Nov-19-2012



ATTACHMENT A

COPY OF APPLICANT'S APPLICATION FOR A CERTIFICATE OF GOOD STANDING

**LIST OF NAMES OF ALL OWNERS, PARTNERS, LIMITED LIABILITY COMPANY
MANAGERS**

OWNERSHIP STRUCTURE

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission,
do hereby certify that

*****TELESPHERE ACCESS, LLC*****

a domestic limited liability company organized under the laws of the State of Arizona, did
organize on the 26th day of March 2009.

I further certify that according to the records of the Arizona Corporation Commission, as
of the date set forth hereunder, the said limited liability company is not administratively
dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the
Arizona Limited Liability Company Act; and that the said limited liability company has not
filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date
issued. This certificate is not to be construed as an endorsement, recommendation, or
notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the official seal of the Arizona Corporation Commission. Done at
Phoenix, the Capital, this 2nd Day of April, 2009, A. D.




Interim Executive Director

Order Number: 330991

ATTACHMENT A

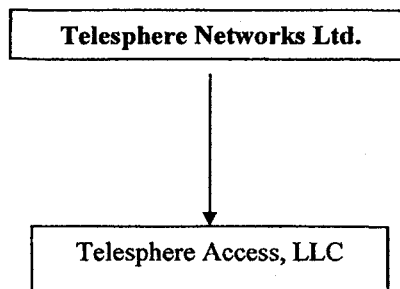
A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).

Management of the limited liability company is vested in a manager or managers. The LLC is managed by Telesphere Networks Ltd., a Washington Corporation.

Indicate percentages of ownership of each person listed in A-8.2.

Telesphere Networks Ltd. owns 100% of the limited liability company.

Ownership Structure



ATTACHMENT B

TARIFFS

07/07/06

Local Tariff, Tariff No. 1

1. Proposed Rates and Charges can be found at sheets 27-32.
2. Applicant's Local Tariff does not contain maximum rates, although they can be added at Commission request.
3. Terms and Conditions can be found at sheets 7-18.
4. Applicant's Deposit and Advance Payments Policy can be found at sheet 9.
5. Applicant's charge for returned checks can be found on sheet 14.

Interexchange Tariff, Tariff No. 2

1. Proposed Rates and Charges can be found at sheet 33.
2. Maximum rates can be found on sheet 32.
3. Terms and Conditions can be found at sheet 31.
4. Applicant's Deposit and Advance Payments Policy can be found at sheet 22.
5. Applicant's charge for returned checks can be found on sheet 22.

Telesphere Access, LLC
9237 East Via de Ventura, Suite 250
Scottsdale, AZ 85258

TITLE PAGE OF ARIZONA LOCAL EXCHANGE SERVICES TARIFF
OF TELESPIHERE ACCESS, LLC

TARIFF NO. 1

This tariff, filed with the Arizona Corporation Commission, contains the rates, terms and conditions applicable to local exchange services provided within the State of Arizona offered by Telesphere Access, LLC.

Issued: May 6, 2009

Effective:

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via de Ventura, Suite 250
Scottsdale, AZ 85258

TELECOMMUNICATIONS SERVICES

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Issued: May 6, 2009

Effective:

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via de Ventura, Suite 250
Scottsdale, AZ 85258

TELECOMMUNICATIONS SERVICES

CHECK SHEET

Sheets 1 through 33, inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>SHEET</u>	<u>REVISION LEVEL</u>
Title	Original
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
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26	Original
27	Original
28	Original
29	Original
30	Original
31	Original
32	Original
33	Original
34	Original

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
Scottsdale, AZ 85258
Phone: 408-385-7000 Fax: 408-385-7007

TELECOMMUNICATIONS SERVICES

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. From time to time new pages may be added to the tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Pages 3 and 4 would be numbered 3. 1.

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
Scottsdale, AZ 85258
Phone: 408-385-7000 Fax: 408-385-7007

TELECOMMUNICATIONS SERVICES

APPLICATION OF TARIFF

This tariff contains the regulations and rates applicable to the provision of local exchange service by Telesphere Access, LLC within the state of Arizona and subject to the jurisdiction of the Arizona Corporation Commission.

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

EXPLANATION OF SYMBOLS

Changes to this tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

- (C) To signify changed regulation
- (D) To signify discontinued rate or regulation
- (I) To signify an increase
- (L) To signify matter relocated without change
- (N) To signify new rate or regulation
- (R) To signify reduction
- (S) To signify reissued matter
- (T) To signify change in text but no change in rate or regulation
- (Z) To signify a correction

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
Scottsdale, AZ 85258
Phone: 408-385-7000 Fax: 408-385-7007

TELECOMMUNICATIONS SERVICES

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's location to the Company's switching center or point of presence.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Company's service.

Carrier or Company - Whenever used in this tariff, "Carrier," "Company," or "Telesphere" refers to Telesphere Access, LLC unless otherwise specified or clearly indicated by the context.

Commission - The Arizona Corporation Commission.

Customer - The person, firm, corporation or other entity which orders, cancels, amends, or uses service and is responsible for payment of charges and compliance with the Company's tariff. Customer shall include those entities including Internet service providers, cable companies and other entities which purchase these services on a wholesale basis for resale to their end user Customers.

Exchange Access Line - The serving central office line equipment and all Company plant facilities up to and including the Company-provided Standard Network Interface. These facilities are Company-provided and maintained and provide access to and from the telecommunications network for message toll service and for local calling appropriate to the tariffed use offering selected by the Customer. Exchange access lines are subject to non-recurring charges, as specified in Section 4 of this tariff.

ILEC - The incumbent local exchange carrier.

LEC - Local Exchange Company.

Limited Local Calling Area - Areas designated by incumbent local exchange carriers as areas where calls will be billed as standard local calls. Company will follow incumbent tariffed local calling area lists.

Local Exchange Services - Telecommunications services furnished for use by end-users in placing and receiving local telephone calls within local calling areas.

Person-to-Person Calling - An operator-assisted service whereby the person originating the call specifies a particular person to be reached or a particular station, room number, department or office to be reached through a PBX attendant. Charges may be billed to the called party, a third number, a credit card, a calling card or designated third party station.

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
Scottsdale, AZ 85258
Phone: 408-385-7000 Fax: 408-385-7007

TELECOMMUNICATIONS SERVICES

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (cont'd)

Station-to-Station Calling - A service whereby the originating End User requests the assistance of a Company operator to place or bill the call. Calls billed collect or to a telephone company-issued calling card or to an authorized credit Card are operator-station calls unless the call is placed on a Person-to-person basis. Automated Calling Card calls are not operator-station calls. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third telephones which are coin telephones will not be accepted.

Telesphere Access, LLC ("Telesphere") - Used throughout this tariff to mean Telesphere Access, LLC unless clearly indicated otherwise by the text.

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
Scottsdale, AZ 85258
Phone: 408-385-7000 Fax: 408-385-7007

TELECOMMUNICATIONS SERVICES

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Company

Telesphere's services offered pursuant to this tariff are furnished for Local Exchange Service among specified points within a local calling area. Telesphere may offer these services over its own, over resold facilities, or a combination thereof. Telesphere installs, operates and maintains the communications services provided herein under in accordance with the terms and conditions set forth under this tariff. Telesphere may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities as required in the Commission's rules and orders, when authorized by the Customer, to allow connection of a Customer's location to the Telesphere network. The Customer shall be responsible for all charges due for such service arrangement. The Company's services and facilities are provided on a monthly basis unless otherwise indicated, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of the necessary facilities and equipment, and subject to the provisions of this tariff.

2.2.2 Telesphere reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.

2.2.3 The Company does not undertake to transmit messages but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.2.4 All facilities provided under this tariff are directly controlled by Telesphere and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

Issued: April XX, 2009

Effective: May XX, 2009

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via Ventura, Suite 250
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TELECOMMUNICATIONS SERVICES

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.4 Liabilities of the Company

2.4.1 Telesphere's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities in no event shall exceed an amount equivalent to the proportionate charge to the Customer for the period during which the faults in transmission occur.

2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility, or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name, or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff, or for any act or omission of the Customer, or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

2.4.4 No agent or employee of any other carrier shall be deemed to be an agent or employee of the Company.

2.4.5 The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.

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TELECOMMUNICATIONS SERVICES

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.5 Deposits

The Company does not normally collect deposits from Customers. However, deposits may be required from wholesale Customers whose credit history is unacceptable or unavailable. Deposits are collected in accordance with the rules of the Commission.

2.6 Advance Payments

2.6.1 Telesphere does not require deposits from Customers. Telesphere does reserve the right to do so for less credit-worthy Customers.

2.6.2 Recurring Charges: For Customers from whom the Company feels an advance payment is necessary; Telesphere reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

2.6.3 Non-Recurring Charges: Telesphere reserves the right to require pre-payment of non-recurring charges in such amount as may be deemed necessary by the Company. In addition, where special construction is involved, advance payment of the quoted construction charges may be required at the time of application for service.

2.7 Taxes

All Arizona and local taxes (including but not limited to franchise fees, excise tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.8 Equipment

2.8.1 The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or pay telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer except as otherwise provided. The Customer is responsible for all costs at Customer's premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.8 Equipment (cont'd)

2.8.2 The Company shall use reasonable efforts to maintain facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others, to disconnect, rearrange, remove, attempt to repair or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

2.8.3 Equipment the Company provides or installs at the Customer premises is solely for use in connection with Company's services. The equipment shall not be used for any purpose other than that for which the Company provided it.

2.8.4 The Customer shall be responsible for payment of service charges, as set forth herein, for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

2.8.5 The Company shall not be responsible for the installation, operation or maintenance of any Customer-provided equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or the reception of signals by Customer-provided equipment.

2.8.6 Upon reasonable notification to the Customer and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth under this tariff for the installation, operation and maintenance of Customer-provided facilities, equipment and wiring in the connection of such facilities and equipment to Company-provided facilities and equipment.

2.8.7 Title to all facilities provided by the Company under this tariff shall remain in the Company's name or in the name of the carrier supplying the services and facilities being resold.

2.9 Installation

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this tariff. Any conflicts between a service agreement and tariff will be resolved by following the rates, terms, conditions, or any other rules and regulations in effect as approved by the Commission in this tariff.

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TELECOMMUNICATIONS SERVICES

SECTION 2 - RULES AND REGULATIONS (cont'd)**2.10 Payment for Service**

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or to an Authorized User of the Customer by Telesphere. All charges due by the Customer are payable to the Company or to any agency duly authorized to receive such payments. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the Arizona Public Service Commission. Telesphere's billing invoices will be considered correct and binding upon the Customer if no written notice is received from the Customer within thirty (30) days of the date of the invoice. Adjustments to Customer's bills shall be made to the extent circumstances exist which reasonably indicate that such changes are appropriate. Upon receipt of a billing inquiry, charges involved in the disputed element(s) of the invoice will be temporarily suspended pending resolution of the dispute. The Customer, however, remains responsible for the timely payment of the non-disputed elements of the invoice. If a Customer is not satisfied with the Company's response to an inquiry or request for credit, the Customer may appeal to the Arizona Public Service Commission for final resolution.

2.11 Late Payment Charge

Telesphere will assess a late payment charge equal to 1.5% for any past due balance that exceeds thirty (30) days. A late payment penalty may be assessed only once on any bill for rendered services. Late payment penalties shall comply with Arizona Corporation Commission regulations and Arizona law.

2.12 Cancellation by Customer

Pursuant to Arizona statute and regulations, a Customer may cancel service by providing three (3) days written notice to the Company.

2.13 Interconnection

Service furnished by Telesphere may be connected with the services or facilities of other carriers or enhanced service providers. The Customer is responsible for all charges billed by these entities for use in connection with Telesphere's service. Any special interface equipment or facilities necessary to achieve compatibility between these entities is the responsibility of the Customer. Neither the Company nor any connecting carrier participating in a service shall be liable for any act or omission of any other company or companies furnishing a portion of such service.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.14 Refusal or Discontinuance by Company

Telesphere may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given proper notification in accordance with Arizona statutes and regulations to comply with any rule or remedy any deficiency:

2.14.1 For non-compliance with or violation of any Arizona, municipal, or Federal law, ordinance or regulation pertaining to telephone service.

2.14.2 For use of telephone service or any other Company property for purposes other than that described in the application for service.

2.14.3 For neglect or refusal to provide reasonable access to Telesphere or its agents for the purpose of inspection and maintenance of equipment owned by Telesphere or agents.

2.14.4 For noncompliance with or violation of Commission regulation or Telesphere's rules and regulations on file with the Commission, provided ten days written notice is given before termination.

2.14.5 For nonpayment of bills, including bills for any of the Company's other communication services, provided that suspension or termination of service shall not be made without seven days written notice to the Customer.

2.14.6 Without notice in the event of Customer or Authorized User use of equipment in such a manner as to adversely affect Telesphere's equipment or service to others. Within twenty-four (24) hours after such termination, the Company shall send written notification to the Customer of the reasons for termination or refusal of service upon which the Company relies, and of the Customer's right to challenge the termination by filing a formal complaint with the Commission.

2.14.7 Without notice in the event of tampering with the equipment or services owned by Telesphere or its agents. Within twenty-four (24) hours after such termination, the Company shall send written notification to the Customer of the reasons for termination or refusal of service upon which the Company relies, and of the Customer's right to challenge the termination by filing a formal complaint with the Commission.

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TELECOMMUNICATIONS SERVICES

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.14 Refusal or Discontinuance by Company (cont'd)

2.14.8 Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, Telesphere may, before restoring service, require the Customer to make, at Customer's own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use. Within twenty- four (24) hours after such termination, the Company shall send written notification to the Customer of the reasons for termination or refusal of service upon which the Company relies, and of the Customer's right to challenge the termination by filing a formal complaint with the Commission.

2.14.9 Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Company from furnishing such services.

2.15 Inspection, Testing, and Adjustment

Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for tests and adjustments as may be deemed necessary by the Company for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.16 Tests, Pilots, Promotional Campaigns and Contests

The Company may conduct special tests or pilot programs and promotions at its discretion, to demonstrate the ease of use, quality of service and to promote the sale of its services. The Company may also waive a portion or all processing fees or installation fees for winners of contests and other occasional promotional events sponsored or endorsed by the Company. From time to time, the Company may waive all processing fees for a Customer. The Company will notify the Commission regarding specific promotions and contests.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.17 Interruption of Service

Credit allowances for interruptions of service which are not due to the Company's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications Systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. It shall be the obligation of the Customer to notify Company immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer and connected to Company's terminal. Interruptions caused by Customer-provided or Company-provided automatic dialing equipment are not deemed an interruption of service as defined herein because the Customer has the option of using the long distance network via local exchange company access.

2.18 Cost of Collection and Repair

The Customer is responsible for any and all costs incurred in the collection of monies due the Carrier including legal and accounting expenses. Customer is also responsible for recovery costs of Carrier-provided equipment and any expenses required for repair or replacement of damaged equipment.

2.19 Returned Check Charges

A fee of \$25.00 may be charged for each check returned for insufficient funds. Returned check charges shall comply with Arizona commission regulations and Arizona law.

2.20 Service Implementation

Absent a promotional offering, service implementation charges of \$15.00 per service order apply to new service order or to orders to change existing service for the business services listed in Section 3.

2.21 Reconnection Charge

A reconnection fee of \$25.00 per occurrence may be charged when service is re-established for Customers who have been disconnected for non-payment, and is payable at the time that the restoration of suspended service and facilities is arranged.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.22 Operator Service Rules

The Company will enforce the operator service rules specified by the Commission and by the Federal Communications Commission.

2.23 Access to Telephone Relay Services

Where required by the Commission, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users, and will comply with all regulations and requirements. The Company shall impose any monthly surcharge or any other related charge upon its local exchange telecommunications Customers as may be required by Arizona law.

2.24 Access to Carrier of Choice

End users of the Company's local service shall have the right to select the interexchange telecommunications service provider (IXC) of their choice. The IXC should request confirmations/ verifications of choice from its Customers no later than the date of submission of its first bill to the Customer. Telesphere should maintain signed letters of agency or confirmations of choice on file for use in dispute resolution.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.25 Directory Listings

2.25.1 The Company does not publish a directory of Customer listings. The Company, however, does arrange for the Customer's main billing number to be placed in the directory or directories of the incumbent local exchange carrier.

2.25.2 The rates and regulations specified herein for directory listings apply only to the alphabetical section of the directory. Listings are intended solely for the purpose of identifying Customer's telephone number and as an aid to the use of telephone service.

2.25.3 The listings of Customers, either without charge or at the rate specified within this tariff for other listings are arranged alphabetically and are not intended for special prominence of arrangement. In accepting listings as requested by Customers or prospective customers, the Company will not be a party to controversies between Customer as a result of the publication of such listings in the directories.

2.25.4 Listings must conform to the Company's specifications with respect to the directories. The Company reserves the right to reject listings when in, its sole judgment, such listings would violate the integrity of company records and the directories, confuse individuals using the directory, or when the Customer cannot provide satisfactory evidence that Customer is authorized to do business as requested.

2.25.5 The Company reserves the right to limit the length of any listing to one line in the directory by use of abbreviations when, in its sole judgment, the clarity of the listing and the identification of the Customer is not impaired.

2.25.6 Generally, the listed address is the location of the Customer's place of business or residence.

2.25.7 Liability of the Company due to directory errors and omissions is as specified in Section 2 of this tariff.

2.25.8 Generally, a business listing consists of a name or dual name, a designation descriptive of the Customer's business if not self-explanatory, the address, and the business telephone number. The main listing is ordinarily the name of the individual, firm or corporation which contracts for the service or the name under which a business is regularly conducted.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.25 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- B) of a type other than that which the Company would "normally" utilize in the furnishing of its services;
- C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- D) in a quantity greater than that which the Company would normally construct;
- E) on an expedited basis;
- F) on a temporary basis until permanent facilities are available;
- G) involving abnormal costs; or
- H) in advance of its normal construction schedule.

2.27 Universal Emergency Telephone Number Service (911, E911)

2.27.1 This tariff does not provide for the inspection or constant monitoring of facilities to discover errors, defects, or malfunctions in the service, nor does the Company undertake such responsibility.

2.27.2 911 information consisting of the names, addresses and telephone numbers of all telephone Customers is confidential. The Company will release such information via the data management system only after a 911 call has been received, on a call by call basis, only for the purpose of responding to an emergency call in progress.

2.27.3 The 911 calling party, by dialing 911, waives the privacy afforded by non-listed and non-published service to the extent that the telephone number, name, and address associated with the originating station location are furnished to the public safety answering point.

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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.27 Universal Emergency Telephone Number Service (911, E911) (cont'd)

2.27.4 After the establishment of service, it is the public safety agency's responsibility to continue to verify the accuracy of and to advise the Company of any changes as they occur in street names, establishment of new streets, changes in address numbers used on existing streets, closing and abandonment of streets, changes in police, fire, ambulance or other appropriate agencies' jurisdiction over any address, annexations and other changes in municipal and county boundaries, incorporation of new cities or any other similar matter that may affect the routing of 911 calls to the proper public safety answering point.

2.27.5 The Company assumes no liability for any infringement or invasion of any right of privacy of any person or persons caused, or claimed to be caused, directly or indirectly by the use of 911 Service. Under the terms of this tariff, the public safety agency must agree, (except where the events, incidents, or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct), to release, indemnify, defend and hold harmless the Company from any and all losses or claims whatsoever, whether suffered, made, instituted, or asserted by the public safety agency or by any other party or person, for any personal injury to or death of any person or persons, or for any loss, damage, or destruction of any property, whether owned by the Customer or others. Under the terms of this tariff, the public safety Agency must also agree to release, indemnify, defend and hold harmless the Company for any infringement of invasion of the right of privacy of any person or persons caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion, or use of 911 Service features and the equipment associated therewith, or by any services furnished by the Company in connection therewith, including, but not limited to, the identification of the telephone number, address, or name associated with the telephone used by the party or parties accessing 911 Service hereunder, and which arise out of the negligence or other wrongful act of the Public Safety Agency, its user, agencies or municipalities, or the employees or agents of any one of them, or which arise out of the negligence, other than gross negligence or willful misconduct, of the Company, its employees or agents.

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TELECOMMUNICATIONS SERVICES

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Local Service Areas

Telesphere will provide Local Exchange Service in the entire state of Arizona. Company will follow the relevant incumbent exchange carriers' tariffs descriptions of local calling areas.

3.2 Product Descriptions

3.2.1 Timing of Calls - Usage-Sensitive Products

3.2.1A Usage charges for usage-sensitive products are based on the actual usage of Telesphere's network. The Company will determine that a call has been established by signal from the local telephone Company.

3.2.1.B Minimum billed call duration and billing increments differ from product to product. Product specific information is included in Section 4 of the Rate Schedules.

3.2.1.C Usage is measured and rounded to the next higher billing increment for billing purposes.

3.2.1.D There is no usage-based billing applied for incomplete calls.

3.2.2 Telesphere Residential Services

Telesphere's residential services are offered for local calling using the facilities of Telesphere and/or those of other authorized local exchange carriers. Telesphere's residential services are offered to phones used exclusively for home use, no home office or other business use is allowed. Telesphere reserves the right to terminate service to any Customer subscribing to residential service for a business purpose.

3.2.3 Telesphere Business Services

Telesphere's business services are offered for local calling using the facilities of Telesphere and/or those of other authorized local exchange carriers. Telesphere's business services are offered primarily to the following:

1. Offices, stores, factories, mines and all other places of a strictly business nature;
2. Offices of hotels, boarding houses, apartment houses, colleges, quarters occupied by clubs and fraternal societies, public, private or parochial schools, hospitals, nursing homes, libraries, churches, and other institutions, and
3. Services terminating solely on the secretarial facilities of a telephone answering bureau.

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TELECOMMUNICATIONS SERVICES

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.3 Telesphere Business Services (cont'd)

If a Customer's service changes from business service to residential service, the telephone number will normally be changed. Reference of calls will not normally be provided regardless of how long existing directories will remain in effect. Changes from residential to business service may be made without change in telephone number, if the Customer so desires.

3.2.4 Directory Listings

For each Customer of Telesphere's exchange access service(s), the Company shall arrange for the listing of the Customers main billing telephone number in the directory(ies) published by the dominant local exchange carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings at an additional charge.

3.2.5 Operator-Assisted Services

Operator-assisted services are provided to business and residential Customers on a presubscribed basis. Services are also provided to Customers and users of exchange access lines which are presubscribed to the Company's interexchange outbound calling services. Various billing arrangements are available with Telesphere's operator-assisted service including calling card, commercial credit card, collect, person-to-person and third party. monthly and/or usage-sensitive charges apply as in Section 4, including per call operator charges.

3.2.5.A Operator Dialed Surcharge

This surcharge applies to operator station and person-to-person rated calls when the Customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to:

- 1) Calls where a Customer cannot otherwise dial the call due to defective equipment or trouble on the Telesphere network;
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The operator dialed surcharge applies in addition to any other applicable operator charges.

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SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.5 Operator-Assisted Services

3.2.5.B Busy line verify and line interrupt service

Upon request of a calling party, the Company will verify a busy condition on a called line. The operator will determine whether the line is clear or in use and report its status to the calling party. The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

A charge will apply when:

- 1) The operator verifies that the line is busy with a call in progress;
- 2) The operator verifies that the line is unavailable for incoming calls; or
- 3) The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party of the name of the calling party. One charge will apply for both verification and interruption.

No charge will apply when:

- 1) The calling party advises that the call is to or from an official public emergency agency; or
- 2) Under conditions other than subparagraph (3) above. Busy verification and interrupt service is furnished where and to the extent that facilities permit. The Customer shall indemnify and hold the Company harmless against all claims that may arise from either party to the interrupted call or by person.

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SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.6 Directory Assistance

Customers and users of the Company's business and residential calling services (excluding toll free services) may obtain directory assistance in determining telephone numbers within the State of Arizona by calling the directory assistance operator. Call allowances are as stated below:

3.2.5.1 Residential Customers are entitled to one call per month.

3.2.5.2 Business Customers using directory assistance will receive 10 free calls per line or PBX trunk line per month.

3.2.5.3 Customers with Centrex main station lines will receive 10 free calls per equivalent number of PBX trunks. The number of equivalent PBX trunks is determined in accordance with the PBX Table below:

Number of Main Station Lines	Equivalent PBX Trunks	Number of Main Station Lines	Equivalent PBX Trunks
1	1	87-98	15
2	2	99-111	16
3	3	112-125	17
4-6	4	126-139	18
7-10	5	140-155	19
11-15	6	156-171	20
16-21	7	172-189	21
22-28	8	190-207	22
29-36	9	208-225	23
37-45	10	226-243	24
46-54	11	244-262	25
55-64	12	263-281	26
65-75	13	282-300	27
76-86	14	*	*

*Each additional 18 main station lines or fraction thereof equal to one PBX trunk.

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SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.6 Directory Assistance (cont'd)

A credit will be given for calls to Directory Assistance when:

- 1) The Customer experiences poor transmission or is cut-off during the call,
- 2) The Customer is given an incorrect telephone number, or
- 3) The Customer inadvertently misdials an incorrect directory assistance NPA.

To receive a credit, the Customer must notify the Company operator or business office of the problem experienced. Exemptions:

- 1) Residential Customers are exempt from Directory Assistance charges.
- 2) The single-line main telephone exchange line of a handicapped user, as defined by the Federal Register, Vol. 35, #126, which has been registered with the Company will be exempt from directory assistance charges.
- 3) Directory Assistance attempts to telephone numbers which are non-listed or non-listed and non-published are exempt from the rate, and shall not be included in the ten call allowance.

3.2.7 Extended and Expanded Area Calling Services

Extended and expanded area calling service allows the Customer to make calls to foreign exchanges outside the Customer's local calling area without paying intraLATA toll rates. The Customer is billed per call according to the duration of the call. Telesphere will mirror all existing extended and expanded calling areas the ILEC currently has in place for facilities-based or resold services.

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TELECOMMUNICATIONS SERVICES

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.8 Calling Features

The calling features listed below are available.

3.2.8.1 Call Forwarding

Call Forwarding permits the Customer to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion.

3.2.8.2 Call Return

Call return allows the Customer to return a call to the last incoming call whether answered or not. Upon activation, it will redial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. The Customer is alerted with a distinctive ringing pattern when the busy number is free. When the Customer answers the ring, the call is then completed. The calling party's number will not be delivered or announced to the call recipient under any circumstances.

3.2.8.3 Call Screen

Call screen allows the Customer to automatically block incoming calls from up to ten Customer pre-selected telephone numbers (including numbers from which a Customer has just received a call). The list of numbers can be changed at any time. Callers whose numbers have been blocked will hear a recorded message and no usage charges will apply. The calling party's number will not be delivered or announced to the call recipient under any circumstances.

3.2.8.4 Call Trace

Call trace allows the Customer to dial a code to automatically request that the Company record a caller's originating telephone number and the date and time of the call as well as the date and time of the Customer initiated trace. The information is stored by the Company and disclosed only to a law enforcement agency for investigation purposes. The Customer does not receive any information regarding the origination of the calls.

3.2.8.4 Call Waiting

Call waiting permits the Customer engaged in a call to receive a tone signal indicating a second call is waiting; and, by operation of the switchhook, to place the first call on hold and answer the waiting call. The Customer may alternate between the two calls by operation of the switchhook, but a three-way conference cannot be established.

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TELECOMMUNICATIONS SERVICES

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.8 Calling Features (cont'd)

3.2.8.5 Cancel Call Waiting (CCW)

Allows a Customer to dial an activation code prior to making a call, and cancel the Call Waiting (CW) feature. CCW must be activated each time the Customer wants CW canceled. Exception: Customers subscribing to a custom calling service that provides "flash privileges" such as three-way Calling, can activate the CCW feature while an incoming or outgoing call is in progress.

3.2.8.6 Priority Ringing

Priority ringing differentiates incoming calls from up to ten Customer pre-selected telephone numbers by signaling the Customer with a distinctive ringing pattern. If the Customer subscribes to call waiting, a distinctive tone is heard for the selected set of numbers. The last incoming call can automatically be added to the list of pre-selected numbers.

3.2.8.8 Remote Call Forwarding

Remote call forwarding service is an arrangement which includes the furnishing of a network address (seven or area code + seven digit telephone number) to Customer, which permits call completion to another network address. The remote call forwarding network address must be located in an exchange area.

3.2.8.9 Repeat Dialing

Repeat dialing permits the Customer to have calls automatically redialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the Customer with a distinctive ringing pattern when the busy number and the Customer's line are free. The Customer can continue to make and receive calls while the feature is activated.

3.2.8.9 Speed Calling

Speed calling permits the Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as an eight-code list or thirty-code list. Either code list may include local and/or toll telephone numbers. To establish or change a telephone number in a code list, the Customer dials an activating code, receives a second dial tone and dials either a one or two digit code (for the eight code and thirty code lists, respectively) plus the telephone number.

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TELECOMMUNICATIONS SERVICES

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.8 Calling Features (cont'd)

3.2.8.10 Three-Way Calling

Three-way calling permits the Customer to add a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The Customer initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming calls.

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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES

4.1 General

Installation, monthly recurring and per minute usage charges will apply to the Company's local exchange services. An additional per-call operator service charge will apply for operator-assisted calling. These services are provided on a wholesale basis to Telesphere's customers for sale to their end users.

4.2 Telesphere Residential Services

4.2.1 Residential Flat Rate Exchange Line Service

This service entitles Customers to an unlimited number of messages to all stations bearing the designation of central offices within the serving exchange and limited local calling area exchanges or locality rate areas as listed in filed tariffs of incumbent local exchange carriers. This service may be provided with or without the Company's long distance service.

4.2.1.A Monthly Charges

	<u>Per Month</u>
With Telesphere Long Distance	\$ 15.00
Without Telesphere Long Distance	\$ 35.00

4.2.2 Residential Measured Rate Exchange Line Service

Telesphere will provide this service under an individual case base arrangement.

4.2.3 LATA-wide Calling Service

An optional offering that provides local calling from the Customer home wire center to all exchanges within the end user Customer's LATA as described in the relevant incumbent carrier's tariffs.

Per month	\$ 5.00
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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES (cont'd)

4.3 Telesphere Business Services

4.3.1 Business Flat Rate Exchange Line Service

This service entitles Customers' end user Customers to an unlimited number of calls to all stations bearing the designation of central offices within the serving exchange and limited local calling area exchanges or locality rate areas as listed in filed tariffs of incumbent local exchange carriers. This service may be provided with or without the Company's long distance service.

4.3.1.A Monthly Charges

	<u>Per Month</u>
With Telesphere Long Distance	\$ 20.00
Without Telesphere Long Distance	\$ 35.00

4.3.2 Business Measured Rate Exchange Line Service - Telesphere Facilities

Telesphere will provide this service under an individual case base arrangement.

4.3.3 LATA-Wide Calling Service

An optional offering that provides local calling from the Customer home wire center to all exchanges within the end user Customer's LATA as described in the relevant incumbent carrier's tariffs.

Per month	\$ 5.00
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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES (cont'd)

4.4 Custom Calling Features Package

This package consists of a Company package as described above and the Customer's choice of five calling features listed below:

1. Call Forward Busy Line
2. Call Forward Don't Answer
3. Call Forward Don't Answer Ring Control
4. Call Forward Variable
5. Flexible Call Forwarding
6. Call Waiting
7. Speed Calling 8
8. Speed Calling 30
9. Three way calling
10. Message Waiting Indicator- Audible
11. Message Waiting Indicator- Visual
12. Call Return
13. Call Block
14. Call Tracing
15. Repeat Dialing
16. Call Selector
17. Preferred Call Forwarding
18. Remote Access Call Forwarding
19. Three-way Calling with Transfer

4.4.1 Pricing

	<u>Per month</u>
With Telesphere Long Distance Service	\$ 5.00
Without Telesphere Long Distance Service	\$10.00

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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES (cont'd)

4.4 Telesphere Features Package (cont'd)

4.4.2 A La Carte Option

The following calling features are available on an a la carte basis

Calling Features		Monthly Residential	Monthly Business
1.	Call Forward Busy Line	\$0.90	\$3.50
2.	Customer Control of Call Forward Busy Line	\$2.70	\$6.70
3.	Call Forward Don't Answer	\$0.90	\$3.50
4.	Customer Control of Call Forward Don't Answer	\$2.70	\$6.30
5.	Call Forward Don't Answer Ring Control	\$0.90	\$3.50
6.	Call Forward Variable	\$3.25	\$4.00
7.	Flexible Call Forwarding	\$4.50	\$8.90
8.	Flexible Call Forwarding with Audio	\$6.30	\$9.90
9.	Flexible Call Forwarding Plus	\$6.30	N/A
10.	Flexible Call Forwarding Plus with Audio	\$8.10	N/A
11.	Call Waiting	\$3.30	\$4.00
12.	Speed Calling 8	\$3.30	\$4.00
13.	Speed Calling 30	\$3.70	\$4.95
14.	Three-way calling	\$3.25	\$4.00
15.	Three-way calling per use	\$0.75	\$0.75
16.	Call Waiting Deluxe	\$5.40	N/A
17.	Anonymous Call Rejection (ACR)	\$3.00	\$4.00
18.	Caller ID	\$6.30	\$8.15
19.	Caller ID Deluxe w/ ACR	\$6.75	\$9.00
20.	Caller ID Deluxe w/o ACR	\$6.75	\$9.00
21.	Enhanced Caller ID w/ACR	N/A	\$14.35
22.	Enhanced Caller ID w/Call Management & ACR	N/A	\$15.25
23.	Enhanced Caller ID w/Call Management & ACR and Call Forwarding Don't Answer	N/A	\$14.35
24.	Message Waiting Indicator	\$0.45	\$0.55
25.	Call Return	\$4.00	\$4.70
26.	Call Return per use	\$0.75	\$0.75
27.	Call Block	\$3.80	\$4.40
28.	Call Tracing	\$3.80	\$4.95
29.	Repeat Dialing	\$3.80	\$4.50
30.	Repeat Dialing per use	\$0.75	\$0.75
31.	Busy Connect per use	\$0.75	\$0.75
32.	Call Selector	\$3.80	\$4.50
33.	Preferred Call Forwarding	\$3.80	\$4.50
34.	Remote Access Call Forwarding	\$5.40	\$8.40
35.	Three-way Calling with Transfer	\$4.50	\$5.40
36.	Touch-Tone (business only, residential free)	-	\$2.70

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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES (cont'd)

4.5 Installation Charges

4.5.1 Line Connection Charge

Applies per exchange access line or trunk.

	<u>Residential</u>	<u>Business</u>
First line	\$20.00	\$30.00
Additional line	\$ 5.00	\$ 5.00

4.5.2 Line Change Charge

Applies per exchange access line or trunk.

	<u>Residential</u>	<u>Business</u>
First line	\$20.00	\$30.00
Additional line	\$ 5.00	\$ 5.00

4.5.3 Secondary Service Charge

Applies per Customer request.

	<u>Residential</u>	<u>Business</u>
Each	\$ 1.00	\$ 1.00

4.5.4 Premises Work Charge

	<u>Residential</u>	<u>Business</u>
First 15 minute increment	\$30.00	\$20.00
Additional 15 minute increment or fraction thereof	\$10.00	\$10.00

4.5.5 Service Expedite Charge

Applies when the Customer requests that service be provided in advance of the established service interval and the Company is able to comply. Applicable per exchange, per Customer request. If the Company commits to an expedited service date and then fails to meet the commitment, the Customer shall not be responsible for the Service expedite charge and the Company shall have no further liability to the Customer for its failure to meet the commitment.

	<u>Nonrecurring Charge</u>
Simple Residence Service	\$ 10.00
Simple Business Service	\$ 10.00
Lines or trunks requiring engineering design	\$100.00

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TELECOMMUNICATIONS SERVICES

SECTION 4 – RATES (cont'd)

4.6	Directory Listings	<u>Monthly Charge</u>
	Private Listing	\$3.15
	Semi-private Listing	\$1.65
	Each additional listing-residential	\$1.10
	Each additional listing-business	\$1.65
	Each additional 800 listing	\$1.65
	Alternate listing-residential	\$1.65
	Alternate listing-business	\$1.65
	Cross-reference listing-residential	\$1.10
	Cross-reference listing-business	\$1.65
4.7	Operator-Assisted Services	
4.7.1	Operator Charges (per call)	
	Person-to-person	\$4.90
	Station-to-station (Customer Dialed)	\$2.25
When more than one class of service is involved, only the higher surcharge is applicable.		
4.7.2	Operator Dialed Surcharge	
	Operator Dialed Surcharge (per call)	\$0.80
4.7.3	Busy Line Verify and Line Interrupt Service	<u>Each request</u>
	Busy Line Verify Service	\$0.95
	Busy Line Verify and Line Interrupt Service	\$1.40
4.7.4	Directory Assistance	
	Within the originating line's local calling area	\$0.30/per request
	Outside the originating line's local calling area and NPA	\$0.85/per request
	Directory Assistance Service Charge	\$0.30/per call
	Call Completion Service	\$0.30/per call

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TELECOMMUNICATIONS SERVICES

SECTION 5 - BILLING CONTENTS

5.1 Telesphere Billing Contents

Telesphere's Customer bills contain the following information:

Name and address of Company
 Address for Correspondence
 Address for Remittance
Customer Service/Billing Inquiry Toll-Free Telephone Number
Name and Address of Customer
Bill Date
All Account Numbers
Invoice Number
Summary of Charges
Detail of Charges

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TELECOMMUNICATIONS SERVICES

SECTION 6 - SPECIAL SERVICE ARRANGEMENTS

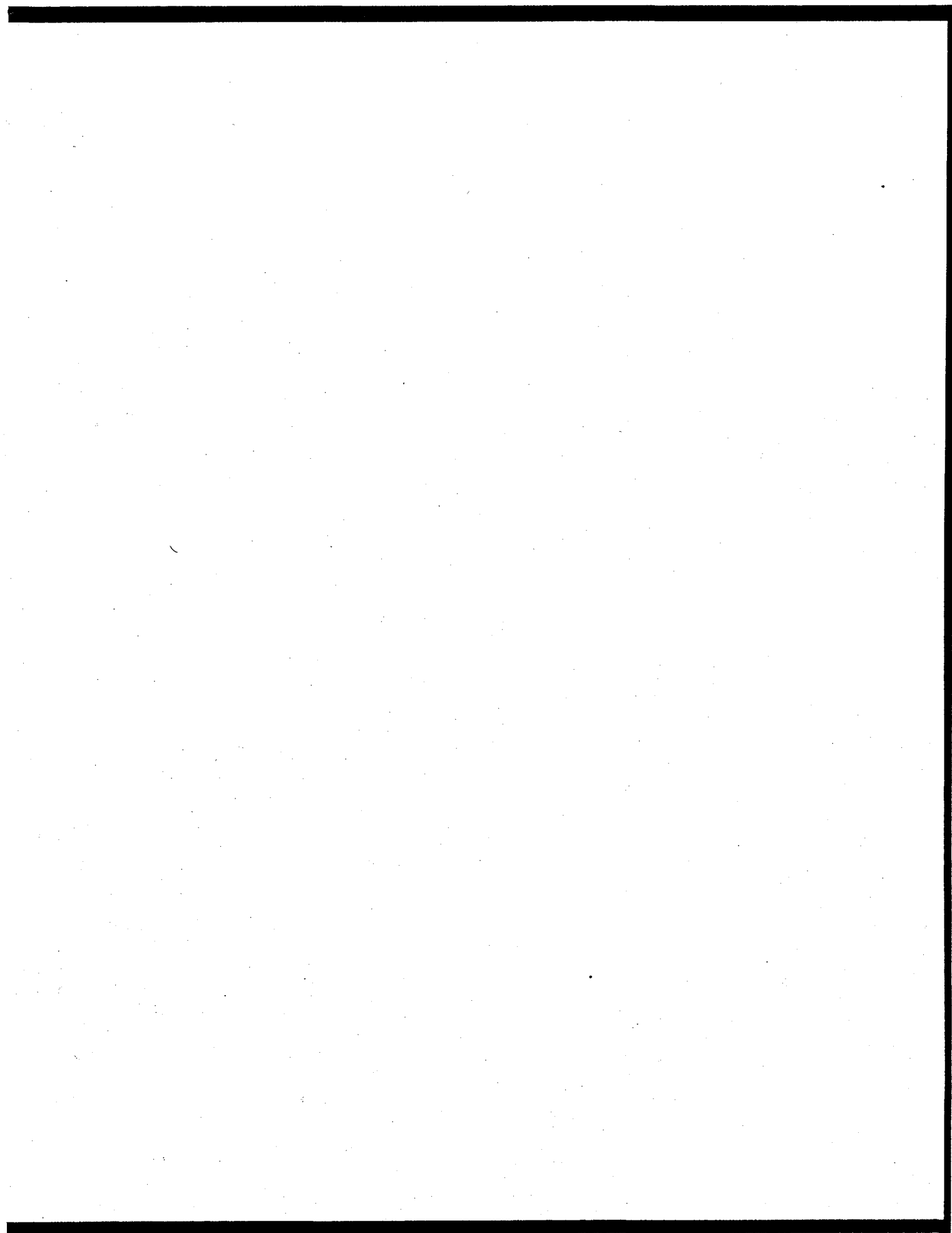
6.1 Individual Case Basis Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide special request from a Customer or prospective Customer to develop a competitive bid for a service not generally available under this tariff. Telesphere's rates will be offered to the Customer in writing and on a non-discriminatory basis. All such rates will be submitted to the Commission for approval.

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REGULATIONS AND SCHEDULE OF CHARGES
APPLICABLE TO INTRASTATE INTEREXCHANGE SWITCHED SERVICES
FURNISHED BY
TELESPHERE ACCESS, LLC

TARIFF NO. 2

This Tariff contains the rates, terms and conditions applicable to switched intrastate interexchange services offered by Telesphere Access, LLC within the State of Arizona. The provisions of this Tariff apply only to the intrastate interexchange services described in this Tariff.

The services described in this Tariff may be provided by any means of wire, terrestrial communications systems, satellite, microwave, and other transmission systems, or any combination thereof.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

CHECK SHEET

The Title Page and pages listed below are inclusive and effective as of the date shown. Revised pages as named below contain all changes from the original Tariff that are in effect on the date shown on each page.

Page #	Revision	Page #	Revision
1	Original	32	Original
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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. From time to time new pages may be added to the tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Pages 3 and 4 would be numbered 3. 1.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

EXPLANATION OF SYMBOLS

Changes to this Tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

- (C) To signify changed regulation.
- (D) To signify discontinued rate or regulation.
- (I) To signify an increase.
- (L) To signify matter relocated without change.
- (N) To signify new rate or regulation.
- (R) To signify reduction.
- (S) To signify reissued matter.
- (T) To signify change in text but no change in rate or regulation.
- (Z) To signify a correction.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

APPLICATION OF TARIFF

This Tariff is available for public inspection during normal business hours at the main office of Telesphere Access, LLC, located at 9237 East Via Ventura, Suite 250, Scottsdale, Arizona 85258.

This Tariff contains the rates, terms and conditions of service applicable to the furnishing of intrastate interexchange (IXC) services by Company. These services are provided in conjunction with the Company's interstate telecommunications services originating or terminating within the state.

This Tariff does not apply:

- (a) to other providers of Telecommunications Services or Information Services pursuant to any contractual arrangements that have been or are entered into on an Individual Case Basis pursuant to Section 2.1.7;
- (b) pursuant to other Company tariffs unless specifically stated therein;
- (c) to affiliates of the Company; and
- (d) on an interstate or international basis.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 1 - TERMS AND ABBREVIATIONS

Access Line - A facility arrangement which connects Customer's location to Company's POP.

Access Service Request (ASR) - An order placed with a Local Access Provider for Local Access.

Account Code - A series of digits entered by End User to associate a call with a particular department, cost center or Customer. A non-verified Account Code shall be accepted if it contains the proper number of digits. A verified Account Code shall only be accepted if it can be matched with a number on the list of valid Account Codes provided by End User.

Alternative Access - A form of Local Access except that the provider of the Service is an entity, other than the Local Exchange Carrier, authorized or permitted to provide such Service.

Ancillary Charges - Charges for supplementary Services as set forth in this Tariff which may consist of both nonrecurring and monthly recurring charges.

Authorization Code - A numerical code, one or more of which are available to Customer's End Users to enable them to access Company's network, and which are used by Company both to prevent unauthorized access to its facilities and to identify End Users for billing purposes.

Available/Availability - Condition in which Company has the facilities necessary to provide Service and such facilities are not already committed to other parties or other Customers and are accessible for Service to Customer, as determined by the Company, in its sole discretion.

Channel(s) or Circuit(s) - A communications path between two or more points.

Collect Call - A billing arrangement which bills the charge for a long distance call to the called station's telephone number. The person agreeing to accept the call is responsible for all charges related to the call.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 1 - TERMS AND ABBREVIATIONS (Cont'd)

Commission - The Arizona Corporation Commission.

Company or Carrier - Telesphere Access, LLC ("Telsphere") unless otherwise clearly indicated by the context.

Conversation Minutes - For billing purposes calls are billed based on Conversation Minutes, which begin when the called party answers, as determined by answer supervision, and end when either party disconnects.

Customer - The natural person or legal entity which orders Service and is therefore responsible for the payment of charges due as a result of using the Service and for compliance with the Company's Tariff. The Customer may be a certified reseller of telecommunications services who, under the terms of a Service Agreement, orders or uses Service and is therefore responsible for the payment of charges due and for compliance with Carrier's Tariff regulations.

Day - From 8 AM up to but not including 5 PM, Monday through Friday.

Dialed Number Information Service (DNIS) - A service option of toll free service under which Company electronically transmits to Customer (or to an End User of Customer) the telephone number of the party calling Customer or its End User.

Due Date - The date on which payment is due as indicated on Company's invoice to Customer.

End User - The natural person or legal entity which either (1) orders service through a certified Reseller Customer or (2) uses the Company's Casual Calling Service directly as a Customer through dialing the Company's designated access code or other access number.

FCC - The Federal Communications Commission.

Individual Case Basis (ICB) - Determinations involving situations where nonstandard arrangements are required to satisfy specialized needs. The nature of such Service requirements makes it difficult or impossible to establish general Tariff provisions for such circumstances. When it becomes possible to determine specific terms and conditions for such offerings, they shall be offered pursuant to such terms and conditions when set forth in writing and subscribed to by authorized representatives of Customer and Company.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 1 - TERMS AND ABBREVIATIONS (Cont'd)

Information Services – The term “Information Services” has the same meaning as contained in 47 U.S.C. § 153(20), as interpreted by the Federal Communications Commission and federal courts.

Installation - Establishment of Service.

Interexchange Service - Service provided to a Customer over a Channel or Circuit between a Company designated POP in one exchange and a Company designated POP in another exchange.

LATA (Local Access Transport Area) - A geographical area established for the provision and administration of communications Service, as provided for in the Modification of Final Judgement (MFJ), the consent decree between GTE Corporation and the Department of Justice, and any further modifications thereto.

Local Access - The portion of the Service between a Customer premise and a Company designated POP.

Local Access Provider - An entity providing Local Access.

Local Exchange Carrier (LEC) - The local telephone utility that provides exchange telephone services.

N/A - Not applicable.

N/C - No charge.

Non-Day - All hours other than those included in the Day rate period.

Nonrecurring Charge - One-time charge relevant to Service.

On-Net - A Circuit traversing the Company's network, both end points of which originate and terminate at a Company designated POP.

Off-Net - A circuit that is not On-Net.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 1 - TERMS AND ABBREVIATIONS (Cont'd)

POP (Point of Presence) - A Company designated location where a facility is maintained for the purpose of providing access to the Company's Services by Customer and/or its End Users.

Reseller - A Customer which purchases Service from the Company through a Service Agreement and resells Service to its own End Users. End Users of a Reseller are not Customers of the Company. A Reseller must be authorized to operate in the State before it can resell services to its End Users.

Service - Telesphere's Interexchange Services as described in this Tariff, as modified from time to time.

Service Agreement - An agreement between Company and Customer which, subject to the terms and conditions of this Tariff; defines the relationship between Carrier and Customer.

Service Area - The geographic area in which Customer or its End Users may access and use Service.

Service Commitment Period - The period selected by the Customer, agreed to by Company and stated on the relevant Service Agreement, during which Company will provide and Customer will accept and pay for the Service described therein.

Tariff - The Company's Arizona Intrastate Tariff No. 2, and effective revisions thereto filed by the Company with the Commission.

Telecommunications Service - The term "Telecommunications Service" has the same meaning as contained in 47 U.S.C. § 153(46), as interpreted by the Federal Communications Commission and federal courts.

Term - Service Commitment Period.

United States - For purposes of this Tariff the term "United States" includes the Mainland United States of America, Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands, Guam and the Commonwealth of the Northern Mariana Islands (CNMI).

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Company and Limitations of Services

- 2.1.1 The Company undertakes to furnish Service pursuant to the terms of this Tariff for the transmission of information originating and terminating within the State. Service under this Tariff is offered only to Company's Reseller Customers, except that, due to the nature of Services provided, End Users may access Company's Casual Calling Service. Company reserves the right to deny Service: (i) to any Customer that, in Company's reasonable opinion, presents an undue risk of nonpayment; (ii) in circumstances in which Company has reason to believe that the use of the Service would violate the provisions of this Tariff or any applicable law or if any applicable law restricts or prohibits provision of the Service; or (iii) if, in Company's sole opinion, insufficient facilities or equipment are available to provide the Service.
- 2.1.2 The provision of Service shall not create a partnership or joint venture between the Company and Customer, nor result in joint Service offerings to their respective customers or End-Users.
- 2.1.3 Company owns or operates transmission facilities within the State and/or resells telecommunications services provided by other carriers. Notwithstanding the resale of telecommunications services provided by other carriers, Customer shall be considered a customer of Company, and not a customer of any other carrier.
- 2.1.4 Carrier may, when authorized by Customer, act as Customer's agent for ordering dedicated Access Lines or facilities provided by other carriers to allow connection of specified locations of Customer and/or its End Users to the network of Carrier. Customer shall be responsible for all charges due for such service arrangements.
- 2.1.5 Service is offered subject to the availability of the necessary facilities and subject to the provisions of this Tariff.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.1 Undertaking of Company and Limitations of Services (cont'd)

- 2.1.6 Service is provided under the terms and conditions of an applicable Service Agreement and this Tariff; and is available twenty-four (24) hours per day, seven (7) days per week.
- 2.1.7 To the extent that any conflict arises between the terms and conditions of a Service Agreement and the terms and conditions of this Tariff, the Tariff shall prevail, except such terms and conditions in a Service Agreement that are expressly set forth therein as ICB terms or conditions, in which case such ICB terms and conditions shall prevail.
- 2.1.8 Carrier reserves the right to discontinue furnishing Service, or to limit the use of Service, when necessitated by conditions beyond its control, when Customer or an End User is using Service in violation of the law or in violation of the provisions of this Tariff, or for non-payment by Customer.
- 2.1.9 Service provided under this Tariff is directly controlled by Company, and Customer may not transfer or assign the use of Service, except with the prior written consent of Company. Such transfer or assignment shall only apply where there is no interruption in the use or location of Service, and all regulations and conditions contained in this Tariff as well as all conditions for Service, shall apply to all such permitted assignees or transferees.
- 2.1.10 The Customer shall not use nor permit others to use the Service in a manner that could interfere with services provided to others or that could harm the facilities of the Company or others.
- 2.1.11 Service furnished by Telesphere may be connected with the services or facilities of other carriers. Customer is responsible for all charges billed by other carriers in connection with the use of Service. Any special equipment or facilities necessary to achieve compatibility between carriers are the sole responsibility of Customer.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.2 Resale of Company Services

- 2.2.1 In addition to the other provisions in this Tariff, a Customer reselling Service shall be responsible for all interaction and interface with its own subscribers or customers. The reselling of Service by a Customer or reselling of Service with enhancements provided by Customer shall not create a partnership or joint venture between Company and Customer nor result in a joint service offering to any third parties by either Company or the Customer.
- 2.2.2 Notwithstanding the resale of Service by Customer and regardless of the Company's knowledge of same, the Customer remains liable for all obligations under this Tariff. The Company shall have no liability to any person or entity other than the Customer and only as set forth in Section 2.3.

2.3 Liability of the Company

- 2.3.1 Except as otherwise specifically provided for in this Tariff, the Company and/or its affiliates shall not be liable to Customer or any other person, firm or entity for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, sabotage, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, condemnation, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, or preemption of existing Services to restore Service in compliance with Part 64, Subpart D, Appendix A, of the Federal Communications Commission's Rules and Regulations or other applicable laws, regulations, or orders. The Carrier's liability, if any, for its gross negligence or willful misconduct is not limited by the Tariff.
- 2.3.2 The Company is not liable for any act or omission of any other company or companies furnishing a portion of the service or facilities, equipment, or services associated with such Service.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liability of the Company (cont'd)

2.3.3 The Customer shall indemnify and hold the Company harmless from and against any court, administrative or agency action, suit or similar proceeding brought against Company and/or any affiliate of the Company for:

- (a) claims arising out of or related to the contents transmitted via the Services (whether over the Company's network or Local Access facilities) including, but not limited to, claims, actual or alleged, relating to any violation of copyright law, export control laws, failure to procure necessary authorizations, clearances or consents, failure to meet governmental or other technical broadcast standards, or claims that such transmission contents are libelous, slanderous, an invasion of privacy, pornographic, or otherwise unauthorized or illegal;
- (b) patent infringement claims arising from combining or connecting the Service with equipment and systems of the Customer;
- (c) all other claims arising out of any act or omission of the Customer in connection with any Service provided by the Company;
- (d) defacement of, or damage to, the premises of Customer and authorized users resulting from the installation, and/or removal of facilities or the attachment of instruments, equipment and associated wiring on or from the Customer's Premises. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Company; and
- (e) claims arising out of the use of Services or associated equipment in an unsafe manner (such as use in an explosive atmosphere) or the negligent or willful act of any person other than the Company, its agents, or employees.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liability of the Company (cont'd)

- 2.3.4 The Customer shall indemnify and hold the Company harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury to, or death of, any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation or operation of Service or equipment and facilities of Company associated with the Service, unless such installation, operation, failure to operate, maintenance, condition, location or use is the direct result of the Company's knowing and willful misconduct.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liability of the Company (cont'd)

2.3.5 The Company shall not be liable to the Customer or any other person or entity in any respect whatsoever as a result of mistakes, accidents, errors, omissions, interruptions, delays, or defects in Service (collectively "defects" or "defective service"). Defects caused by or contributed to, directly or indirectly, by act or omission of Customer (including authorized users) or Customer's customers, affiliates, agents, representatives, invitees, licensees, successors or assigns or which arise from or are caused by the use of facilities or equipment of Customer or related parties shall not result in the imposition of any liability whatsoever upon the Company, and Customer shall pay to the Company any reasonable costs, expenses, damages, fees or penalties incurred by the Company as a result thereof, including, without limitation, costs of Local Access Providers' labor and materials. In addition, all or a portion of the Service may be provided over facilities of third parties, and the Company shall not be liable to Customer or any other person, firm or entity in any respect whatsoever arising out of defects caused by such third parties. COMPANY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, PUNITIVE OR ANY OTHER DAMAGES, OR BUSINESS INTERRUPTION, OR FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF ANY DEFECTIVE SERVICE OR ANY OTHER CAUSE. ANY WARRANTIES AND REMEDIES EXPLICITLY SET FORTH IN THIS TARIFF ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN THE EVENT OF AN INTERRUPTION IN SERVICE, ANY DEFECT IN THE SERVICE WHATSOEVER OR A FAILURE TO PERFORM UNDER THIS TARIFF, NEITHER COMPANY NOR ANY THIRD PARTY PROVIDER OR OPERATOR OF FACILITIES EMPLOYED IN THE PROVISION OF THE SERVICE SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, PUNITIVE OR ANY OTHER DAMAGES, OR FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Liability of the Company (cont'd)

- 2.3.6 In the event parties other than Customer (e.g. Customer's customers or End-Users) shall have use of the Service directly or indirectly through Customer, Customer shall forever indemnify and hold Company and any third-party provider or operator of facilities employed in provision of the Service harmless from and against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted by said parties arising out of or relating to any defects or any claims described in this section.
- 2.3.7 In the event that Company is required to perform a circuit redesign due to inaccurate information provided by the Customer or, Company incurs costs and expenses under circumstances in which such costs and expenses are caused to be incurred by the Customer or reasonably incurred by Company for the benefit of the Customer, the Customer is responsible for the payment of any resulting costs incurred by Company.
- 2.3.8 Customer agrees to defend the Company against the claims as set forth in this section and to pay all reasonable litigation costs, attorneys' fees, court costs, settlement payments, and any damages awarded or resulting from any such claims.
- 2.3.9 The failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, the waiver of any term or conditions herein, or the granting of an extension of time for performance by the Company or the Customer shall not constitute the permanent waiver of any term or condition herein. Each of the provisions shall remain at all times in full force and effect until modified in writing.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.4 Cancellation of Service by Customer

- 2.4.1 Reseller Customers order Service from Company pursuant to the terms and conditions of a Service Agreement. Any cancellation or termination of Service is subject to the terms and conditions of that Service Agreement. End User Customers order Service from Company by dialing the Company's carrier access code number for casual service.
- 2.4.2 If Customer, either on behalf of itself or an End User, orders Service from the Company which requires special construction or facilities for Customer's or End User's use, and then cancels its order before Service begins, a charge shall be made to Customer for the non-recoverable portions of the expenditures or liabilities incurred on behalf of Customer or End User by the Company.
- 2.4.3 If Customer terminates Service prior to the end of the term specified in the Service Agreement, Customer shall be responsible for all charges incurred to the date of termination, including, but not limited to, all charges to the Company by other carriers for Service provided Customer or its End Users, and any applicable cancellation or termination charges specified in the Service Agreement.

2.5 Cancellation for Cause by Company

- 2.5.1 For nonpayment by Customer of any undisputed sum owing to the Company for more than 30 days, or for violation by Customer of any of the provisions governing the furnishing of Service under this Tariff or the Service Agreement, the Company may, after ten (10) days written notification to Customer of such nonpayment or violation and forthcoming termination therefor, without incurring any liability, immediately cancel or discontinue the furnishing of such Service. Customer shall be deemed to have canceled Service as of the date of such termination and shall be liable for any cancellation charges as set forth in this Tariff.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.5 Cancellation for Cause by Company (cont'd)

2.5.2 Without incurring any liability, the Company may cancel Service prior to commencement or discontinue the furnishing of Service to Customer immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or services or under any of the following circumstances:

- (a) if Customer refuses to furnish or provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of service, or its planned use of service;
- (b) for noncompliance with any of the provisions of this Tariff;
- (c) if the Customer or End User is using the Service in violation of any applicable law or regulation.
- (d) if such actions are reasonably appropriate to avoid violation of applicable law; or
- (e) if there is a reasonable risk that criminal, civil or administrative proceedings or investigations based upon the transmission contents shall be instituted against Company.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.5 Cancellation for Cause by Company (cont'd)

2.5.3 The discontinuance of Service by the Company pursuant to this section does not relieve the Customer of any obligations to pay the Company for charges accrued for Service which has been furnished up to the time of discontinuance nor does it relieve the Customer of applicable cancellation charges. The remedies set forth herein shall not be exclusive and the Company shall at all times be entitled to all rights available to it under either law or equity.

2.6 Billing and Payment for Service

2.6.1 Responsibility for Charges

The Customer is responsible for payment of all charges for Services furnished to the Customer or authorized End User. This includes payment for Services specifically requested by the Customer. This responsibility is not changed due to any use, misuse, or abuse of the Customer's Service or Customer provided equipment by third parties, the Customer's employees, or the public. A Customer whose Service has been discontinued for non-payment of bills shall be required to pay any unpaid balance due to Company before Service is restored.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.6 Billing and Payment for Service (cont'd)

2.6.2 Payment Arrangements

- 2.6.2.A All payments due by the Customer shall be remitted and payable to the Company or any billing agent duly authorized and designated by the Company to receive such payments.
- 2.6.2.B Service is provided and billed on a monthly basis. Usage sensitive charges are billed in arrears and fixed monthly recurring charges, if any, are billed one month in advance. Unless required in advance, installation charges and other non-recurring charges shall be due on the first day of the month following the month in which the Service was provided.
- 2.6.2.C The security of Authorization Codes used by Customer or its End Users are the responsibility of the Customer. All calls placed using such Authorization Codes or using facilities owned or controlled by Customer or its End Users shall be billed to Customer and must be paid by Customer.

2.6.3 Late Payment Fee

Bills are due and payable upon receipt. In the event Customer fails to pay or remit payment in full to the proper address for Services billed by the Company or authorized billing agent on or before thirty (30) days after the Due Date, Customer shall also pay a late fee in the amount of the lesser of one and one-half percent (1.5%) of the unpaid balance per month or the maximum lawful rate under applicable state law.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.6 Billing and Payment For Service (cont'd)

2.6.4 Return Check Charge

A return check charge of \$25.00 will be assessed for checks made payable to the Company and returned for insufficient funds. For service billed on behalf of the Company, any applicable return check charges will be assessed according to the terms and conditions of the Company's billing agent.

2.6.5 Validation of Credit

2.6.5.A The Company does not collect advance payments or require deposits, but reserves the right to validate the creditworthiness of Customers through available verification procedures. If at any time a Customer presents an undue risk of non-payment, or if a Customer fails to comply with the payment terms of this Tariff or applicable Service Agreement, the Company may require a deposit or other forms of security for payment.

2.6.5.B In determining whether a Customer presents an undue risk of nonpayment, the Company may consider, but is not limited to, the following factors: (i) the Customer's payment history (if any) with the Company, (ii) Customer's ability to demonstrate adequate ability to pay for the Service, (iii) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, and (iv) information relating to Customer's management, owners and affiliates (if any).

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.6 Payment Arrangements (cont'd)

2.6.7 Disputed Charges

Disputes with respect to charges must be presented to the Company in writing within 30 days after the Due Date or such invoice shall be deemed to be correct and binding on the Customer. In instances of a dispute, the Customer is required to pay the undisputed portion of the bill in its entirety within 30 days after the Due Date. For Casual Calling Customers, if, after investigation and review by the Company, a disagreement remains as to the disputed amount, the Customer or Company may file an appropriate complaint with the Commission. For all other Customers, resolution of disputes will be governed by the applicable Service Agreement.

2.7 Taxes and Fees

2.7.1 Service may be subject to State and/or local taxes (e.g. gross receipts tax, sales tax, and municipal utilities tax) and/or fees (e.g. intrastate access charges and contributions to the State Universal Service program), if Service originates and terminates in the State. An amount equal to such taxes and fees shall be charged to the Customer in addition to the charges stated in this Tariff. All charges related to such taxes and fees shall each be shown as a separate line item on the Customer's monthly invoice.

2.7.2 Service shall not be subject to taxes for a given jurisdiction if Customer provides the Company with written verification, acceptable to the Company and to the relevant taxing jurisdiction, that Customer has been granted a tax exemption. Service shall also not be subject to contribution to the State Universal Service program if Customer provides the Company with written verification, acceptable to the Company and to the State Commission, that the Service will be resold by Customer and that the revenues from such resale shall be subject to the State Universal Service program's contribution requirements.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.7 Taxes and Fees (cont'd)

2.7.3 The Company may also include among such fees and surcharges any Primary Interexchange Carrier (PIC) charges charged against the Company by a Local Access Provider, as well as any other Local Access charges, whether for originating or terminating Local Access, charged against the Company for originating or terminating intrastate interexchange communications.

2.8 Inspection, Testing and Adjustments

2.8.1 The Company may, upon notice, make such tests and inspections as may be necessary to determine that the requirements of this Tariff are being complied with in the installation, operation or maintenance of Customer's or the Company's equipment. The Company may interrupt the Service at any time, without penalty or liability to the Company, because of departure from any of these requirements.

2.8.2 Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary to maintain them in satisfactory condition; no interruption allowance shall be granted for the time during which such tests and adjustments are made.

2.9 Terminal Equipment

Service may be used with or terminated in terminal equipment or communications systems, such as a PBX or key telephone system, provided by Customer or its End User. Such terminal equipment or communications systems shall be furnished by and maintained at the expense of Customer or its End User, except as otherwise provided. Customer or its End User is also responsible for all costs at its premises incurred in the use of Service, including but not limited to equipment, wiring, electrical power, and personnel. When such terminal equipment or communications systems are used, they shall in all respects comply with the generally accepted minimum protective standards of the telecommunications industry as endorsed by the Federal Communications Commission.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.10 Refunds or Credits for Interruptions in Service

2.10.1 No credits or refunds for interruptions of Service shall be made for:

- (a) Interruptions caused by the negligence or willful misconduct (including the provision of inaccurate information) of the Customer or its End Users.
- (b) Interruptions during any period which the Company or its agents are not afforded access to any Customer premise where Service is originated or terminated.
- (c) Interruptions during any period when the Customer or End-User has released the Service to the Company for maintenance or rearrangement purposes, or for the implementation of Service.
- (d) Interruptions during periods when the Customer elects not to release the Service for testing or repair and continues to use the Service on an impaired basis.
- (e) Interruptions not reported to the Company.
- (f) Interruptions caused by outages or failure of Local Access provided by a Local Access Provider.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.10 Refunds or Credits for Interruptions (cont'd)

2.10.2 It shall be the obligation of Customer to notify Company immediately of any interruption of Service (as defined in the applicable Service Agreement) for which a credit is desired. If Customer reports an interruption in Service to Company and the affected Service is not restored (as defined in the applicable Service Agreement) within two hours of such report, Customer shall, upon request directed to the Customer's designated customer service representative, receive a credit at the rate of 1/720 of the monthly recurring charges applicable to Service directly affected by such interruption for each hour or fraction thereof, over the initial two hours, during which service is interrupted. No credit will be given for interruptions of less than two hours in duration. The formula used for computation of credits is as follows:

$$\text{Credit} = A / 720 \times B$$

A = Interruption time in hours or fraction thereof (must be over 2 hours)

B = total monthly recurring charge for the affected service.

2.10.3 Notice of Interruption should be reported by the Customer to the Company's Network Control Center or other location designated by Company. An interruption ends when the Service is restored. If the Customer reports the Service to be inoperative but declines to release it for testing and repair, the Service shall be deemed to be impaired, but not subject to an interruption nor corresponding credit as provided in Section 2.10.2.

2.10.4 If the Customer elects to use another means of transmission during the period of interruption, the Customer is solely responsible for payment of the charges for the alternate transmission service used.

2.10.5 The credit provided in Section 2.10.2 is Customer's sole and exclusive remedy for any interruption in the Service.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.11 Systems Security

2.11.1 Where Customers are permitted access to the Company's computer systems and data (hereinafter "Systems") for the purposes of managing and maintaining their own telecommunications system, they will adhere to the following:

- (a) Customers may access the Company's Systems only to the extent required by and incident to the administration and management of the Customer's telecommunications system.
- (b) Customers may not disclose or use information which may be learned as a consequence of access to the Company's Systems except as may be directly required to insure the proper operation of the Customer's telecommunications system. Customers must take all reasonable precautions to prevent any other person or entity who does not have a need to know from acquiring such information.
- (c) Customers shall not in any manner or form disclose, provide, or otherwise make available, in whole or in part, these Systems, documentation, any related material or any other confidential material except to those who have a need to know incident to the operation of the Customer's telecommunications system. These Systems remain the property of the Company and may not be copied, reproduced or otherwise disseminated without the prior written permission of the Company.
- (d) Customers shall take all reasonable precautions to maintain the confidentiality of Systems. Such precautions shall include the use of Personal Identification Numbers (PINs) and passwords selected by and known only to the Customer's individual authorized users. Telephone numbers and dial-up access numbers assigned to the Customer by Company, PINs or any aspect of access and sign-on methodology used to access these Systems shall not be posted or shared with others under any circumstances. Customers shall follow normal log-off procedures prior to leaving a terminal unattended. Customers shall report any known or suspected unauthorized attempt by others to access these Systems.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.11 Systems Security (cont'd)

2.11.2 In the event that a security access device assigned to a Customer for dial-up access is lost, stolen, or misplaced, the Customer must notify Company immediately. Access into these Systems beyond that authorized may result in civil and/or criminal penalties.

2.12 Restoration of Service

The use and restoration of service in emergencies shall be in accordance with Part 64, Subpart D of the Federal Communications Commission's Rules and Regulations to the extent it is applicable, which specifies the priority system for such activities.

2.13 Company Provided Equipment

2.13.1 The Customer agrees to operate any Company provided equipment in accordance with instructions of the Company or the Company's agent or designee. Failure to do so shall void any Company liability for interruption of Service and may make Customer responsible for damage to equipment pursuant to Section 2.13.2 below.

2.13.2 Customer agrees to return to the Company all Company-provided equipment within five (5) days of termination of the Service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to Customer, normal wear and tear excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company (e.g. the cost of the equipment) due to Customer's failure to comply with this provision.

2.13.3 The Company may substitute, change or rearrange any equipment or facility at any time, but shall endeavor to maintain the technical parameters of the Service provided the Customer. In the event that technical parameters change as a result of the Company's actions, the Company will provide the Customer with thirty (30) days notice prior to such change.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.14 Other Terms and Conditions

- 2.14.1 A Customer shall not use any service mark or trademark of the Company or refer to the Company in connection with any product, equipment, promotion, or publication of the Customer without prior written approval of the Company.
- 2.14.2 In the event suit is brought or an attorney is retained by the Company to enforce the terms of this Tariff, the Company shall be entitled to recover, in addition to any other remedy, reimbursement for reasonable attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith.
- 2.14.3 Company shall assess a Reseller Customer a \$200 Unauthorized Carrier Change Charge (UCCC) for each Primary Interexchange Carrier (PIC) change made without prior valid authorization which results in the Company being named in a complaint filed with a state or federal regulatory or judicial body. Continued acts of unauthorized PIC changes by any Reseller Customer shall be considered grounds for refusing to provide or for discontinuing Service to that Reseller Customer.
- 2.14.4 Company, when acting at the Customer's request and/or as Customer's authorized agent, shall make reasonable efforts to arrange for special Service requirements such as the provision of Off-Net Circuits. Due to the specialized nature of such an arrangement, however, such arrangement may be provided on a ICB.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 3 – DESCRIPTION OF SERVICE

3.1 General

The Company offers intraLATA and interLATA long distance services. The Customer's total monthly use of the Company's service is charged at the applicable rates per minute set forth herein, in addition to any monthly service charges. None of the service offerings are time-of-day sensitive.

3.1.1 Direct Dial 1 + Long Distance Service

Direct Dial 1+ Long Distance Service offers outbound calling to the United States and around the world.

3.1.2 Toll Free Service

Telesphere "Toll Free Service" allows callers to reach the subscriber without toll charges by dialing 1+ 800/888/877/866 numbers. The subscriber pays for all incoming calls made on its assigned toll free number. Toll Free Service consists of a basic service (assignment of a toll free telephone number and a toll free calling area selected by the Customer) and additional features that Customers can select.

3.1.2.A Switched Toll Free Service is an inbound long distance service. This service terminates calls over the local telephone lines of Customer or its End Users, and calls are toll-free to the calling party.

3.1.2.B Dedicated Toll Free Service is an inbound long distance service. This service terminates calls over dedicated Access Lines from Company's POP to the service location(s) of Customer or its End Users, and calls are toll-free to the calling party.

Issued: May 6, 2009

Effective:

By: Linda Allen, Chief Financial Officer
Telesphere Access, LLC
9237 East Via de Ventura, Suite 250
Scottsdale, AZ 85258

INTRASTATE INTEREXCHANGE SWITCHED SERVICES

3.2 End User Services

3.2.1 Presubscription

Presubscription Service permits End User Customers to select Telesphere as the Customer's presubscribed or preferred carrier for interLATA and/or intraLATA interexchange service. The rates for Presubscription Service are set forth in Section 5.

3.3 Terms and Conditions

3.3.1 The minimum Term for Service provided On-Net is one month (30 days), except where special construction is requested in which case the minimum Term may be longer. The minimum Term for Service provided Off-Net shall be the same as that minimum service term imposed on Telesphere for leasing the Off-Net facilities.

3.3.2 Service is available twenty-four (24) hours a day, seven (7) days a week. The beginning time for outbound calls is determined by the time at the point of origination. The beginning time for inbound calls (Toll Free Service) is determined by the time at the point of termination.

3.3.3 Usage sensitive charges are based on the actual usage of Company's facilities (On-Net and Off-Net). Such charges are measured in Conversation Minutes counted in six (6) second increments. Unless otherwise specified in this Tariff, the minimum call duration for billing purposes is six (6) seconds and usage is rounded to the next higher six (6) second increment after the initial period.

3.3.4 Chargeable time for Customer shall begin when the called party answers, as determined by hardware answer supervision, provided that such capabilities are available from the local telephone company. If hardware answer supervision is not available, then Company will employ industry accepted standards for the timing of calls. Chargeable time for a call shall end upon disconnection by either party.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 4 – MAXIMUM RATES AND CHARGES

4.1 General

4.1.1 Conversation Minutes, reflecting usage sensitive charges resulting from use of Service, are billed in increments of six (6) seconds with an initial period (minimum billing period) of six (6) seconds, unless otherwise specified. Following the initial period, all charges are rounded to the next higher six (6) second increment for billing purposes, unless otherwise specified.

4.1.2 Other than the charges indicated for each Service, there are no installation or other nonrecurring charges or monthly recurring charges for Service, except for the installation charges and/or monthly recurring charges associated with the use of dedicated Access Lines ordered by Company on behalf of Customer or its End Users.

4.2 End User Services - Maximum Rates

1+ Intra-LATA Long Distance Service
Per minute rate: \$0.10

1+ Inter-LATA Long Distance Service
Per minute rate: \$0.10

Intra-LATA 800/866/877/888 Toll Free Service
Per minute rate: \$0.10

Inter-LATA 800/866/877/888 Toll Free Service
Per minute rate: \$0.10

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 5 – EFFECTIVE RATES AND CHARGES

5.1 General

5.1.1 Conversation Minutes, reflecting usage sensitive charges resulting from use of Service, are billed in increments of six (6) seconds with an initial period (minimum billing period) of six (6) seconds, unless otherwise specified. Following the initial period, all charges are rounded to the next higher six (6) second increment for billing purposes, unless otherwise specified.

5.1.2 Other than the charges indicated for each Service, there are no installation or other nonrecurring charges or monthly recurring charges for Service, except for the installation charges and/or monthly recurring charges associated with the use of dedicated Access Lines ordered by the End User.

5.2 End User Service - Effective Rates

1+ Intra-LATA Long Distance Service
Per minute rate: \$0.07

1+ Inter-LATA Long Distance Service
Per minute rate: \$0.07

Intra-LATA 800/877/888 Toll Free Service
Per minute rate: \$0.07

Inter-LATA 800/877/888 Toll Free Service
Per minute rate: \$0.07

There is currently no charge for Presubscription Service.

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INTRASTATE INTEREXCHANGE SWITCHED SERVICES

SECTION 6 – CONTRACTS AND PROMOTIONS

6.1 Contracts

At the option of the Company, Service may be offered on an ICB basis to meet the specialized requirements of Customers. The terms of each such ICB arrangement shall be mutually agreed upon between the Customer and Company and may include discounts off of the rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in this Tariff, or other customized features. The terms of such an ICB arrangement may be based partially or completely on a Term or volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Such ICB arrangements will be available to all similarly situated Customers for a fixed period of time following the initial offering to the first ICB Customer as specified in each ICB contract subject to, in the Company's sole discretion, the Availability of facilities.

6.2 Promotions

- 6.2.1 From time to time Company may, at its option, promote subscription or stimulate Service usage by offering to waive or reduce some or all of the nonrecurring or recurring charges for the Customer (if eligible) for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area and will comply with all applicable Commission regulations. In no case, shall the resulting rates and charges exceed the rates and charges listed in this Tariff for the same services.
- 6.2.2 From time to time, subject to Commission rules, Company may demonstrate Service for potential Customers by providing free use of its Services on a limited basis for a period of time, not to exceed one (1) month. Demonstration of Service and the type, duration or quantity of Service provided shall be at the Company's discretion.
- 6.2.3 Promotional and other credits offered by Company in marketing its Services cannot be assigned. Such credits must be used by the Customer to whom they were offered or the Customer who earned them under the provisions of the offer.

Issued: May 6, 2009

Effective:

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Scottsdale, AZ 85258

ATTACHMENT C

PERFORMANCE BOND EXPLANATION

RECENT CHECKING ACCOUNT INFORMATION

PERFORMANCE BOND EXPLANATION

The Company is in the process of securing a performance bond and will provide the Commission a copy of the bond when it is available.

RECENT CHECKING ACCOUNT INFORMATION

As the Company just organized in March of 2009, all the requested documents are not yet available. Please see Attachment D for financial statements. The Company shall provide a copy of the most recent bank statement upon request.

ATTACHMENT D
FINANCIAL STATEMENTS

07/07/06

**TELESPHERE ACCESS, LLC
STATEMENT OF OPERATIONS
PRO FORMA FOR THE 12 MONTH PERIOD**

REVENUES	\$ 81,223
EXPENSES	
OPERATING EXPENSES	\$ 136,973
DEPRECIATION EXPENSE	<u>\$ 10,000</u>
NET LOSS	<u>\$ (65,750)</u>

**TELESPHERE ACCESS, LLC
BALANCE SHEET
PRO FORMA - END OF 12 MONTH PERIOD**

ASSETS

CASH IN BANK	\$	94,250
FIXED ASSETS	\$	50,000.00
ACCUMULATED DEPRECIATION	\$	(10,000.00)
NET FIXED ASSETS	\$	40,000.00
TOTAL ASSETS	\$	<u>134,250</u>

LIABILITIES AND STOCKHOLDERS EQUITY

LIABILITIES	\$	-
<u>EQUITY</u>		
EQUITY	\$	200,000
RETAINED LOSS	\$	(65,750)
TOTAL STOCKHOLDERS' EQUITY	\$	134,250
TOTAL LIABILITIES AND EQUITY	\$	<u>134,250</u>

**TELESPHERE ACCESS, LLC
STATEMENT OF CASH FLOWS
PRO FORMA FOR THE 12 MONTH PERIOD**

NET LOSS FOR THE PERIOD	\$	(85,750)
ADD: DEPRECIATION EXPENSE (NON-CASH)		10,000
CASHFLOW FROM INVESTING ACTIVITIES		(50,000)
CASH FLOW FROM FINANCING ACTIVITIES		
ADVANCE FROM TELESPHERE NETWORKS, LTD.		<u>200,000</u>
ENDING CASH BALANCE AT 12/31/04	\$	<u><u>94,250</u></u>

ATTACHMENT E

PROJECTED TOTAL REVENUE AND OPERATING EXPENSES

RESPONSE TO QUESTION B-4

07/07/06

Question B-4

The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

Answer: In the first year, Applicant expects it will receive approximately \$81,000 in revenue from the provision of telecommunications services to Arizona consumers.

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

Answer: In the first year, Applicant expects to incur operating expenses of approximately \$137,000.

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

Answer: In the first year, Applicant expects to have \$50,000 in Arizona jurisdictional assets.

4. If the projected value of all assets is zero, please specifically state this in your response.

N/A

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

N/A

ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

EA for SMO

DATE: August 11, 2010

RE: IN THE MATTER OF THE APPLICATION OF TELESPHERE ACCESS, LLC FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LONG DISTANCE, LOCAL EXCHANGE, FACILITIES-BASED LONG DISTANCE AND LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES (DOCKET NO. T-20675A-09-0214)

Attached is the Staff Report for the above referenced application. The Applicant is requesting approval to provide the following services:

- Resold Long Distance Services
- Facilities Based Long Distance Services
- Resold Local Exchange Services
- Facilities Based Local Exchange Services

Staff is recommending approval of the application with conditions.

SMO:AFF:kdh

Originator: Armando Fimbres

Attachment: Original and Thirteen Copies

RECEIVED

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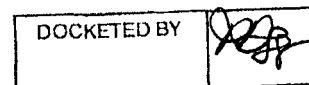
AZ CORP COMMISSION
DOCKET CONTROL



Arizona Corporation Commission

DOCKETED

AUG 11 2010



SERVICE LIST FOR: TELESphere ACCESS, LLC
DOCKET NO.: T-20675A-09-0214

Mr. Kristopher Twomey
Counsel to Telesphere Access, LLC
1725 I Street, N.W., Suite 300
Washington, District of Columbia 20006

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

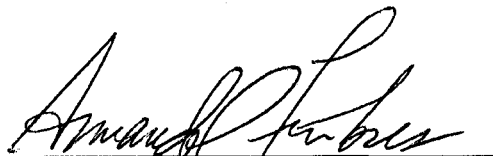
TELESPHERE ACCESS, LLC
DOCKET NO. T-20675A-09-0214

IN THE MATTER OF THE APPLICATION OF TELESPHERE ACCESS, LLC
FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE RESOLD LONG DISTANCE, LOCAL EXCHANGE,
FACILITIES-BASED LONG DISTANCE AND LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES

AUGUST 11, 2010

STAFF ACKNOWLEDGEMENT

The Staff Report for Telesphere Access, LLC, Docket No. T-20675A-09-0214, was the responsibility of the Staff member listed below. Armando Fimbres was responsible for the review and analysis of the application for a Certificate of Convenience and Necessity to provide resold long distance, facilities-based long distance, resold local exchange; facilities-based local exchange; and petition for a determination that its proposed services should be classified as competitive.

A handwritten signature in black ink, appearing to read "Armando Fimbres", is written over a horizontal line.

Armando Fimbres
Public Utility Analyst V

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1. INTRODUCTION

On May 6, 2009, Telesphere Access, LLC ("Telesphere Access") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold long distance, facilities-based long distance, resold local exchange, and facilities-based local exchange services on a statewide basis in the State of Arizona. The Applicant petitioned the Arizona Corporation Commission ("ACC" or "Commission") for a determination that its proposed services should be classified as competitive.

On May 21, 2009, Staff issued its First Data Request. On June 10, 2009, Telesphere Access provided its response to Staff's First Data Request.

On July 20, 2009, Staff requested supplemental information via pertaining to Staff's First Data Request, question STF 1.5. On July 24, 2009, Telesphere Access provided its supplemental response pertaining to Staff's First Data Request, question STF 1.5

On March 25, 2010, Staff issued its Second Data Request. Telesphere responded immediately. On May 5, 2010, Staff issued its Third Data Request. Telesphere responded to Staff's Third Data Request via email on July 26, 2010.

Staff's review of this application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive, if the Applicant's initial rates are just and reasonable and if approval of the Applicant's CC&N should be conditioned.

2. REQUESTED SERVICES

Telesphere Networks Ltd. ("Telesphere Networks") is the parent company of Telesphere Access and was formed in 2000 as a wireless Internet Service Provider ("ISP"), primarily serving business customers. In 2003-2004, Telesphere Networks also began to offer interconnected VoIP and wireline broadband internet services to its business customers. In 2006 Telesphere Networks began to shift its focus to interconnected VoIP and wireline broadband internet. The business shift was substantially completed in 2007. Telesphere Networks formed Telesphere Access, LLC in 2009 in order to obtain a Competitive Local Exchange Carrier ("CLEC") license to better serve its business customers.¹

Telesphere Access states that it will provide resold long distance, facilities-based long distance, resold local exchange and facilities-based local exchange on a statewide basis. Telesphere Access will deploy a facilities-based local exchange network that supports and is optimized for the transmission of Voice over the Internet Protocol ("VoIP")-originated traffic. It intends to provide services to business customers only as confirmed by the removal of all tariff references to residence services at the request of Staff.

¹ Telesphere response to STF 1.2

In response to Staff's data requests, Telesphere also explained that over time, the "Applicant will provide carrier services for the calls originated by its affiliate, Telesphere Networks, LLC, as well as other long distance carriers. In addition, Applicant will provide data services to end users by collocating digital subscriber line access multiplexer and equipment for T-1 lines in incumbent local exchange carrier central offices."

3. TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

Telesphere Access applied for telecommunications authority in the state of Nevada² on June 6, 2009 and is now authorized to provide service in Nevada. Telesphere Access filed in Colorado³ on September 1, 2009; the application is pending. Telesphere Access also plans to apply in Minnesota, Texas and Utah⁴ before the end of 2009. Telesphere Access stated in its application that it has not been denied service authority in any state.

The Telesphere Access Chief Executive Officer and direct reports⁵ have over 100 years of combined telecommunications and related technology experience. Executive experiences spans wireline and wireless industries. Most recently the attention of Telesphere Access executives has been focused on broadband and VoIP services.

Based on the information submitted by the Applicant and subsequent Staff research⁶, Staff believes that Telesphere Access possesses the technical capabilities to provide the services it is requesting the authority to provide.

4. FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

Telesphere Access informed Staff that on September 20, 2006, Rally Capital, LLC ("Rally"), as Telesphere Networks' secured (and only) lender, accelerated the conversion of Telesphere Networks' debt into equity. All debt was eliminated with this transaction. As a result of this conversion, Rally acquired a controlling interest in Telesphere Networks' capital stock. Over 90 percent ownership of Telesphere Networks resides with Rally and three firms – GC Investments, LLC, Hawkeye Investments LLC, Hawkeye Investments II, LLC.

Formed on March 26, 2009, Telesphere Access, a wholly-owned by Telesphere Networks, is unable to provide financial statements for the preceding two years, as typically provided by CC&N applicants. Telesphere Access reported Total Assets and Total Shareholders Equity of \$200,000 with zero operating income as of May 31, 2009. Due to the limited Telesphere Access financial information and Telesphere Access's stated intention to not rely on its parent for financial resources, Staff requested financial statements for the parent, Telesphere

² Staff was informed by Telesphere via email dated August 18, 2009, that Nevada certification was received on July 28, 2009.

³ Response to data request STF 1.8, updated via email on October 27, 2009

⁴ Response to data request STF 1.8, updated via email on October 27, 2009

⁵ Acting Chief Operating Officer, General Counsel, and Secretary; Chief Financial Officer; Chief Technology Officer; Vice President of Finance; Vice President, People Development; Director of Marketing

⁶ Staff research consists of general internet searches, FCC website searches and review of Telesphere's home page

Networks.

For the period ending December 31, 2008, Telesphere Networks reported Total Assets of \$6,083,033, Shareholder Equity of \$3,131,913 and Net Income of (\$9,327,914).

The Applicant lists conditions under which advance payments may be required for services in its proposed Tariff No. 1, Section 2.5. The Applicant's Tariff No. 2, Section 2.65 states that it does not require advances or collect deposits. Staff believes that advances, deposits, and/or prepayments received from the Applicant's customers should be protected by the procurement of either a performance bond or an Irrevocable Sight Draft Letter of Credit ("ISDLC"). The Applicant should be granted the discretion to procure either the performance bond or the ISDLC. Since the Applicant is requesting a CC&N for more than one kind of service, the amount of a performance bond or the ISDLC for multiple services is an aggregate of the minimum bond or the ISDLC amount for each type of telecommunications service requested by the Applicant. The Commission's current performance bond or irrevocable sight draft Letter of Credit ("ISDLC") requirements are \$10,000 for resold long distance (for those resellers who collect deposits, advances or prepayments), \$25,000 for resold local exchange, \$100,000 for facilities-based long distance and \$100,000 for facilities-based local exchange services. Based on the services the Applicant is requesting authority to provide, the minimum recommended performance bond or ISDLC should be \$25,000. The performance bond or ISDLC coverage needs to increase in increments equal to 50 percent of the total minimum performance bond or ISDLC amount when the total amount of the deposits is within 10 percent of the total minimum performance bond or ISDLC amount. Further, measures should be taken to ensure that the Applicant shall not discontinue service to its customers without first complying with Arizona Administrative Code ("A.A.C.") R14-2-1107.

Staff recommends that the Applicant procure a performance bond or the ISDLC equal to \$235,000. The minimum performance bond or the ISDLC amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond or the ISDLC amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the performance bond or the ISDLC amount. If the Applicant desires to discontinue service, it must file an application with the Commission pursuant to A.A.C. R14-2-1107. Additionally, the Applicant must notify each of its customers and the Commission 60 days prior to filing an application to discontinue service. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or the ISDLC.

Staff further recommends that proof of the above mentioned performance bond or an ISDLC be docketed within 90 days of the effective date of a Decision in this matter or 10 days before the first customer is served, whichever comes first. Staff also recommends that the company notify Staff through a compliance filing when it begins serving customers. The original bond or Letter of Credit should be filed with the Commission's Business Office and copies of the bond or Letter of Credit with Docket Control, as a compliance item in this docket. The performance bond or ISDLC must remain in effect until further order of the Commission.

The Commission may draw on the bond or Letter of Credit on behalf of, and for the sole benefit of the Applicant's customers, if the Commission finds, in its discretion, that the Applicant is in default of its obligations arising from its Certificate. The Commission may use the bond or Letter of Credit funds, as appropriate, to protect the Applicant's customer and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Applicant's customers.

5. ESTABLISHING RATES AND CHARGES

The Applicant would initially be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs") and interexchange carriers are providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

Both an actual rate and a maximum rate may be listed for each competitive service offered. The rate charged for a service may not be less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company indicating that its net book value or fair value rate base at the end of its first 12 months of operation would be \$50,000.

Telesphere Access submitted Tariff No. 1 and No. 2 with its application. Revisions to both tariffs were submitted to Staff during June and July of 2009. Staff has reviewed these rates and believes they are comparable to the rates charged by competitive local carriers, local incumbent carriers and major long distance carriers operating in the State of Arizona. The rate to be ultimately charged by the Company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the company, the fair value rate base information provided should not be given substantial weight in this analysis.

6. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES

Issues related to the provision of that Local Exchange service are discussed below.

6.1 NUMBER PORTABILITY

The Commission has adopted rules to address number portability in a competitive telecommunications services market. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Consistent with federal

laws, federal rules and A.A.C. R14-2-1308(A), the Applicant shall make number portability available to facilitate the ability of a customer to switch between authorized local carriers within a given wire center without changing their telephone number and without impairment to quality, functionality, reliability or convenience of use.

6.2 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE

Telesphere Networks Ltd. ("Telesphere Networks") is the parent company of Telesphere Access. Telesphere Networks was formed in 2000 as a wireless Internet Service Provider ("ISP"), primarily serving business customers. In 2003-2004, Telesphere Networks also began to offer interconnected Voice over the Internet Protocol ("VoIP") and wireline broadband internet services to its business customers. In 2006, Telesphere Networks began to wind down its wireless ISP business in order to focus on interconnected VoIP and wireline broadband internet. The wind down of the wireless ISP business was substantially completed in 2007. Telesphere Networks formed Telesphere Access, LLC in 2009 in order to obtain a Competitive Local Exchange Carrier ("CLEC") license to better serve its business customers.

Telesphere Access has stated it will deploy a facilities-based local exchange network that supports and is optimized for the transmission of VoIP-originated traffic⁷. Thus Applicant intends to serve customers using fixed VoIP technology

The Commission has adopted rules to address universal telephone service in Arizona. A.A.C. R14-2-1204(A) indicates that all telecommunications service providers that interconnect into the public switched network shall provide funding for the Arizona Universal Service Fund ("AUSF"). The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204(B).

6.3 QUALITY OF SERVICE

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties developed in that docket were initiated because Qwest's level of service was not satisfactory and the Applicant does not have a similar history of service quality problems, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

⁷ Response to data request STF 1.12; Staff understands VoIP-originated traffic to be traffic from local exchange customers served with VoIP technology.

6.4 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

6.5 911 SERVICE

The Commission has adopted rules to address 911 and E911 services in a competitive telecommunications services market. The Applicant has certified that in accordance with A.A.C. R14-2-1201(6)(d) and Federal Communications Commission 47 CFR Sections 64.3001 and 64.3002, it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide 911 and E911 service.

6.6 CUSTOM LOCAL AREA SIGNALING SERVICES

Consistent with past Commission decisions, the Applicant may offer Caller ID provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, are provided as options to which customers could subscribe with no charge. Also, Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, indicating that the number has been blocked, must be offered.

7. REVIEW OF COMPLAINT INFORMATION

The Applicant states that it has neither had an application for service denied, nor had its authority to provide service revoked in any state. There are, and have been, no formal complaint proceedings involving the Applicant. There have not been any civil or criminal proceedings against the Applicant. Consumer Services reports no complaint history within Arizona.

The Applicant indicated that none of its officers, directors or partners have been involved in any civil or criminal investigations, or any formal or informal complaints. The Applicant also indicated that none of its officers, directors or partners have been convicted of any criminal acts in the past ten (10) years. Staff's research did not reveal any issues related to the top executives in Telesphere Access.

Staff's research revealed that on September 9, 2007, the FCC Enforcement Bureau assessed a forfeiture of \$16,000 to Rally for the unauthorized transfer of control. In response to

Staff's inquiry via email, Telesphere Access provided an explanation on July 24, 2009, summarized by Staff below.

"On September 20, 2006, Rally Capital, LLC ("Rally"), as Telesphere Networks' secured (and only) lender accelerated conversion of Telesphere Networks' debt into equity. As a result of such conversion, Rally acquired a controlling interest in Telesphere Networks' capital stock, thus effecting a change of control. Financial circumstances at that time required the parties to move swiftly to improve Telesphere Networks' financial position, which was significantly strengthened as a result of the conversion. (All debt was eliminated.) Shortly after the conversion, in a conversation with its regulatory counsel, Telesphere Networks realized that an application for transfer of control of Telesphere Networks' Section 214 license should have been filed with the FCC. Less than 30 days after the conversion, on October 12, 2006, Telesphere Networks and Rally filed a consolidated application with the FCC for the transfer of control of the Section 214 license.

On October 27, 2006, the International Bureau of the FCC granted Telesphere Networks special temporary authority to provide service under the control of Rally pending approval of the application for transfer of control. (The domestic section 214 special temporary authority was granted on October 25, 2006.)

On November 30, 2006, the Wireline Competition Bureau of the FCC granted the application for the transfer of control of the domestic section 214 license.

On December 7, 2006, the transfer of control to Rally for the international section 214 authorization was granted.

On June 15, 2007, the FCC Enforcement Bureau notified Rally that it would investigate the transfer of control of the Telesphere Networks' section 214 licenses without prior authorization and requested certain information from Rally about Rally and about Telesphere Networks.

On June 29, 2007, Rally provided all documents requested by the Enforcement Bureau.

On September 20, 2007, the Enforcement Bureau assessed a forfeiture of \$16,000 to Rally for the unauthorized transfer of control. Rally paid the amount due.

Telesphere regrets the inadvertent omission of this information from the application. Neither Telesphere nor any of its officers has been involved in any other investigations or inquiries before any state or federal regulatory commission, administrative agency, or law enforcement agency during the last 24 months."

8. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive.

8.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES

8.1.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.

The local exchange market that the Applicant seeks to enter is one in which a number of CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments.

8.1.2 The number of alternative providers of the service.

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

8.1.3 The estimated market share held by each alternative provider of the service.

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local exchange resellers have only recently been authorized to offer service they have limited market share.

8.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the Applicant, as defined in A.A.C. R14-2-801.

None in Arizona.

8.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

8.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and which provide them with a virtual monopoly over local exchange service. New entrants are also beginning to enter this market.
- b. One in which new entrants will be dependent upon ILECs:
 - 1. To terminate traffic to customers.
 - 2. To provide essential local exchange service elements until the entrant's own network has been built.
 - 3. For interconnection.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. One in which most customers have few, if any choices since there is generally only one provider of local exchange service in each service territory.
- e. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

8.2 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES

8.2.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

8.2.2 The number of alternative providers of the service.

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

8.2.3 The estimated market share held by each alternative provider of the service.

The large facilities-based interexchange carriers (AT&T, Sprint, MCI, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market and one in which new entrants do not have a long history with any customers.

8.2.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

None.

8.2.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

8.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market.
- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

9. RECOMMENDATIONS

The following sections contain the Staff recommendations on the application for a CC&N and the Applicant's petition for a Commission determination that its proposed services should be classified as competitive.

9.1 RECOMMENDATIONS ON THE APPLICATION FOR A CC&N

Staff recommends that Applicant's application for a CC&N to provide intrastate telecommunications services, as listed in this Report, be granted. In addition, Staff further recommends:

1. That the Applicant complies with all Commission Rules, Orders and other requirements relevant to the provision of intrastate telecommunications services;
2. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;
3. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
4. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;
5. That the Applicant cooperate with Commission investigations including, but not limited to customer complaints;
6. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from Telesphere Access indicating that its net book value or fair value rate base at the end of 12 months of operation would be \$50,000. Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other wholesale transport providers offering service in Arizona and comparable to the rates the Applicant charges in other jurisdictions. The rate to be ultimately charged by the Company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the Company, the fair value information provided was not given substantial weight in this analysis;
7. That the Applicant offer Caller ID with the capability to toggle between blocking and unblocking the transmission of the telephone number at no charge;
8. That the Applicant offer Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated;
9. Staff further recommends that the Commission authorize the Applicant to discount its rates and service charges to the marginal cost of providing the services;

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void, after due process.

1. The Applicant shall docket a conforming tariff for each service within its CC&N within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first. ;
2. The Applicant shall:
 - a. Procure a performance bond or an irrevocable sight draft Letter of Credit equal

to \$235,000. The minimum bond or draft amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond or draft amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the bond amount or IDLOC amount; and

- b. File the original performance bond or irrevocable sight draft Letter of Credit with the Commission's Business Office and copies of the performance bond or irrevocable sight draft Letter of Credit with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this matter or 10 days before service to end-user customers is commenced, whichever comes first. The original performance bond or irrevocable sight draft Letter of Credit must remain in effect until further order of the Commission. The Commission may draw on the performance bond or irrevocable sight draft Letter of Credit, on behalf of, and for the sole benefit of the Company's customers, if the Commission finds, in its discretion, that the Company is default of its obligations arising from its Certificate. The Commission may use the performance bond or irrevocable sight draft Letter of Credit funds, as appropriate, to protect the Company's customers and the public interest and take any and all actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Company's customers;
 - c. Staff also recommends that the Company notify the Commission through a compliance filing within 30 days of the commencement of service to end-user customers; and
3. The Applicant shall abide by the Commission adopted rules that address Universal Service in Arizona. A.A.C. R14-2-1204(A) indicates that all telecommunications service providers that interconnect into the public switched network shall provide funding for the Arizona Universal Fund. The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204 (B).

Furthermore, Staff recommends that approval of the Application be conditioned on the following:

1. That, given the limited financials provided by Telesphere Access on its own behalf, the parent, Telesphere Networks Ltd, should be required to pledge its financial resources until such time as Telesphere Access is able to file two (2) entire years of financial statements on its own behalf.
2. That Telesphere Access' application be approved based upon its representation to the Commission that Telesphere Access will be providing local exchange service to end-users in Arizona. Should Telesphere Access not provide service directly to

end-user customers, it shall notify the Commission and file for cancellation its CC&N.

9.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange or interexchange service markets. Therefore, the Applicant currently has no market power in the local exchange or interexchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.